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GENERAL BUSINESS

1,000 in Equities Ulster protest strike

More than 1,000 construction workers at a Kilroot, Co. Antrim, power station site yesterday staged a half-day strike in support of local vigilantes facing obstructive changes in a Portlaoine court.

The strike was the first industrial action of a campaign of disruption planned by the United Ulster Action Council which includes paramilitary elements and loyalist politicians.

Yesterday's stoppage revived memories of the Ulster Workers Council strike which all but paralysed the Province three years ago.

Before the walk-out the Rev. Ian Paisley and Mr. Ernest Baskin, leader of the United Ulster Unionist Movement, led 1,000 supporters in a demonstration outside the courthouse.

Dublin security

From Dublin it was reported that security forces have been strengthened for Irish Cabinet Ministers, may be extended to junior Ministers, and possibly MPs, following Monday night's attack on a junior Social Welfare Minister's home.

An Irish labourer, who never forgot the national assistance he received when he arrived in Liverpool from Jordan and became one of the first to be recruited to the Department of Health and Social Security.

Resign, or we strike until you do, Shuttles told

The Pakistan Labour Alliance, comprising 25 labour unions and 100,000 members, has issued a statement calling for an immediate strike against Mr. Z. A. Bhutto, Prime Minister, resign and go to the polls in new elections. Eight people in demonstrations yesterday.

Ronn will back Spain for EEC

President Walter Scheel of West Germany told King Juan Carlos of Spain at an official dinner in Bonn last night that a democratically-elected Spanish Government will have the West German Government's support in applying to join the European Economic Community. The King is making the first state visit to Germany by a Spanish monarch in more than 40 years.

Cambridge rules

About three in every five recruits to the higher administrative ranks of the Civil Service identified as that of Cambridge University in 1975, came from Oxford or Cambridge Universities, the Civil Service Commission reports.

Briefly

Deaths from Australia to London cancelled yesterday because of a teachers' strike at Sydney and Melbourne. The Heathrow dispute. Page 15. Mr. and Mrs. James Callaghan dined with the Queen at Windsor Castle last night. Mrs. Margaret Thatcher returned to London last night from Far East and resumed her place on the Opposition front bench. The body of a girl found near Harpenden, Herts., has been identified as that of Miss Janis Shepherd, 24, an Australian who had been missing for nearly three months. The death toll from last month's Tenerife Jumbo jet disaster rose to 578 with the deaths of two more victims. Seven children died when their school bus fell onto a railway line in Galicia, Spain.

CHIEF PRICE CHARGES YESTERDAY

Table with 2 columns: RISES and FALLS. Lists price changes for various commodities like wheat, sugar, etc.

Britain and U.S. may sponsor talks on Rhodesia jointly

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

A constitutional conference jointly sponsored by Britain and the U.S. may be announced shortly in a bid to achieve a negotiated transfer of power in Rhodesia.

Dr. David Owen, the Foreign Secretary, who returned from an eight-day visit to African on Monday told Parliament yesterday that discussions with the various parties to a possible conference were to be continued. He would "soon" tell Parliament whether he and the Americans feel it would be worthwhile to co-sponsor a conference.

While Dr. Owen made clear that he had "no illusions" about the difficulties of achieving a settlement of the 12-year-old Rhodesian crisis, he said the proposed conference would have three main aims.

It would develop a clear timetable for achieving majority rule in 1978. It would draw up a constitution and an electoral process for automatic transfer to an independent nation.

And it would discuss the role of an international development fund to promote economic stability of an independent Zimbabwe and encourage the white minority to stay.

The constitution must be broadly acceptable to all 6m. Rhodesians, but Dr. Owen said that as Foreign Secretary he would "retain the final responsibility" for getting the Commons stamp of approval for it.

If Mr. Smith did not accept the constitution and the arrangements for implementing it, "no immediate progress would be possible."

Ministers move towards variation on Bullock

BY JOHN ELLIOTT, MANAGEMENT EDITOR

GOVERNMENT Ministers are likely to abandon the Bullock Report's proposals for a simple single-tier Board structure with executive directors when they publish legislative proposals on industrial democracy at the end of the summer.

Instead, they may opt for a half-way position between one and two tiers. This could involve having one Board, which would include worker directors and executive responsibilities for the initiation of company proposals.

Legislation, partly modelled on Danish law, would also provide for the creation of a subsidiary management structure which would have day-to-day responsibilities. This would, it is hoped, provide the flexibility for management required by companies while also giving the worker directors sufficient power to satisfy the TUC.

No final decisions have, however, yet been taken by Ministers on this and other associated matters although yesterday Mr. Albert Booth, Secretary for Employment, reaffirmed that the Government will be producing its legislative proposals by the end of the summer.

Fringe benefit tax relaxed

BY MICHAEL LAFFERTY, CITY STAFF

PROPOSALS for a higher limit for taxing employees' fringe benefits and statutory permission for the Special Tax Commissioners to publish reports of their decisions in important tax cases are among the main features of the Finance Bill published yesterday.

The Bill, which runs to 49 clauses and is only 78 pages long, is one of the shortest to be published in recent years. From 1978-79 an employee will only be regarded as higher-paid and subject to the same rules as directors for taxing his fringe benefits if he is earning at least £7,500 a year, instead of £5,000 as at present.

The increase in the limit came as a surprise, particularly in view of the Chancellor's stated intention in the 1976 Budget to extend the fringe benefit tax rise to all employees.

On the other hand, the higher limit should save the Inland Revenue a considerable amount of money at a time when its high level of staffing is coming under increased criticism.

Table with 2 columns: FEATURES and ON-OTHER PAGES. Lists various news items and their page numbers.

Africans plan to step up fighting

By Our Foreign Staff

A new strategy for intensifying the guerrilla war in southern Africa was worked out by the five African front-line presidents at their summit meeting in Luanda, according to reports from the Zambian capital, Lusaka.

There appears to have been little encouragement from the meeting for the latest Rhodesian peace initiative of Dr. David Owen, according to the reports.

Zambian journalists said Dr. Siseke Mwale, the Foreign Minister, on the return journey from Luanda, referred to "efforts and initiatives by imperialists," which he said were intended to delay the day when "our brothers and sisters" in southern Africa would achieve their independence.

It is known Dr. Owen is keen to announce a conference soon, though he favours Anglo-American "bilateral" consultations with the various Rhodesian groups rather than a full-scale "confederation" conference like that in Geneva.

Dr. Owen's statement to Parliament seems to have been purposely vague on details, though he suggested that all the nationalist groups that were at Geneva would be invited to a conference, and many other groups, black or white, might be consulted.

On Britain's possible role in a settlement Government, he was also vague, though he gave the impression that both Britain and the U.S. might be involved in it. He only alluded to a possible use of British troops—for example to police a ceasefire—without saying there was no intention of committing troops in any major way in this area.

The 12 say they will not rejoin the party Parliamentary caucus and eight of them expect to be expelled from the party following the failure of their efforts at Monday's emergency congress to elect Mr. Smith to the Rhodesian Front's principles and policies. The fact that they were only able to command about 10 per cent of the delegate votes on Monday's meeting suggests that any new Right-wing grouping will not pose a major threat to Mr. Smith or to the Owen initiative for a settlement.

Vorster calls an "Turnhalle" committee Page 7

Continued on Back Page FT conference on Bullock Page 2

France will put £1.4bn. into steel

BY DAVID CURRY

PARIS, April 19.

THE FRENCH steel industry is to undertake a Fr.1.3bn. investment programme to modernise its capacity over the next few years. This was announced today in the National Assembly by M. Raymond Barre, the Prime Minister, opening a debate on the Government's plans to restructure the country's debt-ridden steel industry.

The unions called a nine-day steel strike to coincide with the debate and 5,000 steelmakers marched on the National Assembly to protest against the industry's plan to cut out 16,000 jobs by 1979.

Some 45 per cent of this year's steel output had medium and long-term debts of Fr.33bn., which was higher than its turnover last year.

The unions did not give details of where the Fr.1.2bn.—£t.4bn.—would come from, or over what length of time the investments would be stretched. But the Government will clearly demand an investment effort from the financial groups controlling the industry while a certain amount will come from the European Coal and Steel Community and the European Investment Bank.

While Dr. Owen was talking about a possible settlement in Rhodesia, the front line states—which include Botswana, Mozambique and Tanzania as well as Angola and Zambia—were talking about intensifying the war, the Zambian Foreign Minister said.

Our meeting was more constructive than the ideas of Dr. Owen which he was throwing around," Dr. Mwale said. "Dr. Owen is behind time when he talks about peace in Zimbabwe. We have tried peaceful negotiations, but they have failed."

No official end-of-summit statement has yet been received from Luanda, but Dr. Mwale's remarks are considerable more discouraging than the talks which Dr. Owen himself had with the individual front line presidents during his southern African mission. The British Foreign Secretary had reported a "positive" reaction to his ideas.

Tony Hawkins writes from Salisbury: The 12 Rhodesian Front MPs left the party's Parliamentary caucus over the Government's decision to allow blacks to purchase land in white farming areas expected to form a new party soon.

The Prime Minister said that the aim of the plan would be to maintain the present level of steel capacity in each of the big producing regions. He made it clear that the total capacity of the industry would remain at about 33m. tonnes a year and that the investment would go towards replacing the one-quarter to one-third of present facilities which are out of date. Last year the French industry produced 23m. tonnes of steel.

The motor industry had been given the task of filling the job loss in the worst-hit regions. State-owned Renault has an investment project in Lorraine which should be finalised this year while its private sector

opposite number, Peugeot-Citroen, has been invited to examine its Lorraine operations. In any case recruitment to its expanding Metz plant will be reserved to ex-steel workers.

In the Nord-Pas de Calais region since Chrysler will be the main new job provider while the diversified group, PSN, is to invest Fr.350m. in the region in a float glass plant. It is also hoped that special aid to small and medium sized companies will create some jobs.

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Pacific markets in mind? It's NBNZ time. The National Bank of New Zealand advertisement with a globe graphic.

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LOMBARD

The case for co-operatives

BY GEOFFREY OWEN

THE CONCEPT of worker co-operatives was not greatly helped by Mr. Anthony Wedgwood Benn's experiments in 1974-75. Although only one of the three co-operatives which he supported actually collapsed...

The Government, meanwhile, belatedly fulfilling a pledge contained in the 1974 manifesto, has set up a working party to consider the possibility of a co-operative development agency (CDA) which would help the co-operative movement to expand in new directions.

Survivors

Apart from Meriden and Kirby, the producer co-operative sector in the U.K. includes a few survivors from the pioneering efforts of the 19th century. According to a new study financed by the Anglo-German Foundation...

Even their strongest advocates do not claim that these enterprises have had a significant effect on the climate of opinion in this country. In principle the idea of workers sharing in the ownership and control of their firm is attractive...

Bullock report

The value of co-operatives is that they represent an entirely legitimate approach to an issue familiar to all companies—how to motivate their employees and how to ensure that all groups of workers are pulling in the same direction.

RACING BY DOMINIC WIGAN

Il Padrone for Epsom win

JOHN SUTCLIFFE and Lester Pigott who have combined to lead so many good prizes in the past decade seem set to lift today's renewal of the City and Suburban some smart handicappers claim in the £1,000 Ladbrooke Leisure Silver Trophy...

- EPSON 2.00-Princess Magna 2.30-Slim Jim 3.05-Il Padrone 3.35-Edna's Choice 4.10-Baldino 4.45-Port Justice

Always going well in that £10,000 to the winner event, Il Padrone again held off a renewed challenge from Kafue Park after a fierce struggle with his Pindon opponent throughout the final one and a half furlongs.

SALEROOM BY ANTONY THORNCROFT

Sea-bed cannon makes £9,000

SOTHEBY'S was busy yesterday in London, Torquay, South Africa and Amsterdam. Perhaps the most interesting price was the £9,000 (plus the 10 per cent buyer's premium) paid for a bronze cannon which had once belonged to the Dutch East India Company...

Christie's two-day sale at Chestnut Park, Hemfield, in Sussex, the home of the late Francis Little, was completed yesterday with another £130,573 being added for a two-day total of £863,389.

Also in London, Sotheby's completed a two-day auction of letters and manuscripts for a total of £144,356. A letter from Napoleon to his brother Joseph, about his love for Josephine sold for £8,500...

A very rare letter by Raphael, written in 1514, made £6,000, and the marriage certificate of Napoleon and Josephine, prepared almost ten years after their civil marriage in 1796 and

GARDENS TODAY BY ROBIN LANE FOX

The bother with summer flowering bulbs

DO YOU EVER bother to grow summer flowering bulbs? Gardening columnists normally write as if they would, given a moment's respite from writing their columns, will admit that they are at the centre of a long-standing dispute in my household.

On the whole, we are for a family which goes in for house plants. The female side would like to; indeed, it begs to be encouraged to do so. Sacred boundaries melt away at the mention of the possibility. Earth would be allowed inside the house, and the last night watering; gas fires would be banished for the sake of a cool house in return for a firm guarantee that worms are never to be found in a John Innes compost.

My house, let alone a greenhouse, does reach 45° in the small hours of a winter morning. But summer flowering bulbs are another matter, as most of them are dormant in winter and only require to be stored where they do not freeze.

For a similar use, without the scent, one should be paying attention to the new montebretia. Hybrids do not always enjoy good press here, but their experiments with those familiar orange-flowered forms are surely improvements not merely innocuous.

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F.T. CROSSWORD PUZZLE No. 3,359

Crossword puzzle grid with 26 numbered squares and clues for across and down words.

- ACROSS 1 Tree affects Surrey account... 5 Bandage was the variety required... 9 Died before friction caused heavy defeat... 13 Excitable state in which French capital always cast... 15 Undergraduate with cheeky servant... 16 First net nn job before runners' numbers are up... 17 Formerly part of mainly habit was to fish a bit... 18 Draught caused by foreign river getting into trouble... 20 One pick... 21 Give away money put on fish... 22 Moped for doctor with single daughter... 25 Why bellman is supporting timber... 26 Bull-horn to which Margaret added spice... 27 Lot so by rail to court... DOWN 1 Trimmer (unhappy)... 2 Puma takes care of a run that's torn... 3 Not tied down by artistic structure... 4 Trip to a football stadium in Strand...

TV LISTINGS

- 6.40 a.m. Open University... 6.50 a.m. BBC 1... 7.00 News... 7.15 News... 7.30 News... 7.45 News... 7.55 Mr. Smith's Vegetable Garden... 8.00 News... 8.10 The Making... 8.20 Inside Medicine... 9.00 Party political broadcast by Liberal Party... 9.10 News... 9.15 News... 9.20 News... 9.25 News... 9.30 News... 9.35 News... 9.40 News... 9.45 News... 9.50 News... 9.55 News... 10.00 News... 10.05 News... 10.10 News... 10.15 News... 10.20 News... 10.25 News... 10.30 News... 10.35 News... 10.40 News... 10.45 News... 10.50 News... 10.55 News... 11.00 News... 11.05 News... 11.10 News... 11.15 News... 11.20 News... 11.25 News... 11.30 News... 11.35 News... 11.40 News... 11.45 News... 11.50 News... 11.55 News... 12.00 News... 12.05 News... 12.10 News... 12.15 News... 12.20 News... 12.25 News... 12.30 News... 12.35 News... 12.40 News... 12.45 News... 12.50 News... 12.55 News... 1.00 News... 1.05 News... 1.10 News... 1.15 News... 1.20 News... 1.25 News... 1.30 News... 1.35 News... 1.40 News... 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# Béjart ballets

by CLEMENT CRISP

The second Béjart programme, which plays until Thursday night, comprises two standards: *The Firebird* and *Ce que l'Amour me fit*—with an alternative programme. On Thursday night, and with a repeat tonight, this proved to be the best work on the bill: a revival of Béjart's 1955 *Symphonie pour un homme seul*. The piece is inspired by a detachable sound collage from Pierre Schaeffer and Pierre Henry, and summarises the first movement (Mahler's fourth) in a Nietzschean ruse of its title. This ruse is taken with magnificent precision by Daniel Lommet, driven and guided by the score called *Le Fantôme* of that other Béjart, virtuoso study for a dancer, *Roméo Alpha*—we see Lommet reacting with vivid muscular response to the problem of a single, and the intricate, *Le Fantôme* (Angèle Albrecht). As an anti-feminist tract the piece has a certain misogynistic fervour rather more to the point is the ability in depicting the range of Lommet's physical skills. Her standing is splendid on all counts, and Mlle. Albrecht makes a suitably menacing and incisive appearance as the villainess of the piece.

About the two other works in the programme I have less banger opinions. *Firebird* is a mungy shock upon the defenceless Stravinsky score. Using the 1919 *Choregraphia* suite, and denigrating



Mirella Freni as Marguerite and Alfredo Kraus as Faust, in the Covent Garden production of *Faust* last night.

## Salzburg Easter Festival

# Karajan Troubadour

by RONALD CRICHTON

The solitary Easter opera at Salzburg this year was *Il trovatore*, a revision of an earlier Karajan production at one of the Summer Festivals. Strange mixture—some strong singing and brilliant orchestral playing locked in a perverse relationship in a production with impressive moments and others which showed that to Karajan's work in this capacity there elings still, a streak of acrobaticism. This opera is not as well timed to the twilight stage as the *Genoveva* Festspielhaus as others by Verdi, which have been staged there—*Il trovatore* mainly convincing *Otello* (one would imagine) *Don Carlo*. Even in the big ensemble scenes of *Trovatore* the space was put to no very stark use. During the Anvil Chorus the pipers were clearly doing something but in the semi-darkness one couldn't see what. The soldiers on the square up and downed in confusion, which enables Manrico and Leonora to slip away, were the wide and deep in an advantage. In scenes without chorus the soloists looked lost and lonely. The chance of making Leonora's unfortunate mistake in the palace garden for once credible was nullified.

The scene with the late Teo Tito, with projections by Günther Schneider-Siemssen, presumably added for the revival. Three of the stage pictures had a simple magnificence: Luna's immense standing, fully happing, the stage, which Azucena was later bound; the ample and splendid blood-red curtains glowing softly through "Di quella pira" a Colosseum-type backdrop for the Miserere scene, though in the mark this looked as if the memory curve of the song was with Luna and Leonora inside the tower, Manrico outside it.

Usually there seemed to be more light in the orchestra pit

# Early music

by NICHOLAS KENYON

Five instrumentalists from France, Austria, Belgium, the Netherlands and Germany, Gabriel Campuzo on renaissance lute, provided an apt illustration this morning of the international flavour of York's first Early Music Week. Nearly 100 players and singers have come from as far afield as America and Yugoslavia to St. John's College, York, for a combined festival and study course on medieval, renaissance and baroque music.

Organised by the Yorkshire Arts Association, and enterprisingly supported by Fernod of France, it's a pilot scheme for a more ambitious three-week festival and study course in 1978. The three directors (Richard Phillips of the Yorkshire Arts Association, Anthony Rooley of the Early Music Centre and John Bryan of York's Landini Consort) clearly hope that with the stimulus of these events Yorkshire may develop into something of a centre for early music, outside the overcrowded and scarcely related atmosphere of London music-making.

With the famous Bradford Early Music Shop, the Yorkshire Baroque Soloists (who made their London debut on Sunday), and an instrumental music ensemble which was established in the City of York, the county is already extremely active in this field. The North seems full of amateur lutenists, viols and crumhorn players, many of whom are here in York for the week, and are able to participate in workshops, classes and ensemble sessions given by resident tutors.

Each morning highly specialist hours are catered for: Jane Ryan working on her viol d'alto, Trevor Jones, Polly Waterford and Ian Gamble on viol concert music, while Edward Huxes Jones introduces beginners to the lute, and John Bryan tackles the complexities of early 15th-century French songs. The committing consumer of these workshops can hear Anthony Rooley explaining how this approach to the ornamentation of a Dowland galliard has changed through the years, or Emma Kirkby coaxing a forceful, strongly direct line from a soprano in an Elizabethan lute song, or chance on a multinational Gabrieli canzona.

One prevailing theme of these first days has been the acute problem of "authenticity" in the medieval repertoire: we know something of baroque practice, rather less about renaissance techniques, but what can we be certain of in the sounds and methods of the musicians of earlier ages?

The two opening concerts, both given by York groups, and both filled by enthusiastic

# No News is Good News

by CHRIS DUNKLEY

Will Anzola's eyebrows come down when inflation finally comes down, or do you suppose they are up there for good? As Reggie's fluff and stungables an embarrassment and a disgrace or do you (like me) find them an endearingly human distraction from the gloom and nastiness of the world which he and his colleagues recount?

Is there a single reader resident in Britain who is in any doubt about the identities of Anzola and Kezgie?

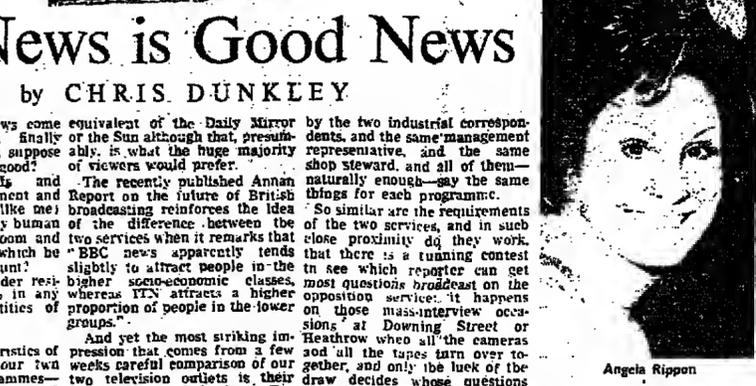
I thought not.

The personal characteristics of the news readers on our two favourite news programmes—BBC's Nine O'Clock News and ITN's News at 10—seems to have replaced car mileage figures and seat averages as the major point of pub arguments. Their theologies (if any), their sobriety (if any)—the way they have suddenly started talking about Roadblock's roadblock, nowdays with more reverence than was ever lavished on the national debt or British forces east of Suez.

As usual, of course, Britain is treated as the centre of the world, never mind another planet—virtually indistinguishable.

The accompanying table drawn up from my notes on the contents of the two bulletins on a recent Wednesday night (not a noticeably atypical night) shows why not only do they contain just about the same number of items, as usual, and not only are a lot of the same subjects included in pretty similar running order, which must be expected at least to some extent, but the manner of treatment of individual items is almost identical to each case mark and protecting the interests of the public just as Anzola recommends. But it would be absurd to suggest that all this the two programmes: the same really amounts to much more than double checking.

There are two outliers—but film crews: the same national only one set of shared editorial judgements.



Angela Rippon

It has been pointed out in this column before that there are still a great many people, a lot of whom no doubt watch the present news services for lack of any alternative, who simply do not accept that the trade gap, the sterling balance, the to-morrow's price rises are the most important and noteworthy aspects of life in this planet.

Both BBC Television News and ITN, but particularly the former, could be improved, says Anzola. "News is presented in too stereotyped a fashion: there is too little variety... The broadcasting organisations should concentrate more on strengthening and varying their television programmes."

Absolutely. And the BBC and ITN will know they have succeeded on the day that we all start discussing the new and varying their television programmes.

It may be argued that by vying so closely and in such fine detail, the BBC and ITN are keeping one another up to the mark and protecting the interests of the public just as Anzola recommends. But it would be absurd to suggest that all this the two programmes: the same really amounts to much more than double checking.

There are two outliers—but film crews: the same national only one set of shared editorial judgements.

## WEDNESDAY'S NEWS

- BBC's Nine O'Clock News
- Action against soccer hooliganism: report from Parliament, and film of week-end carnage.
- Strike at British Airways. Industrial correspondent reports on film from meeting.
- Police Sgt. to get £200,000 in old lady's will after court case. Reporter quotes judge saying: "roared up to her front door" on his motor cycle and into her life. Then interview Sgt. in street.
- Healey offers union leaders, tax cuts.
- Clive Jenkins says his workers need 34% rise.
- Boilermakers leader says TUC will try hard on pay policy.
- Speed limits to be relaxed.
- Gatages to be made to display prices clearly. Film report from garage forecourt.
- 45.6% of British car sales were imports last month.
- UVF man shot dead in Northern Ireland.
- Trouble over Concord in New York: ads from U.S. TV.
- Memmore not to be saved by Government. Film of treasures inside house.
- Saudi Arabian buys Ravi Tikko's house.
- Inner cities aid.
- Gypsy sites: film of site and interview with minister.
- Memmore not to be saved by Government. Film of treasures inside house.
- Soccer results.
- Film of 81 year old flying grandmother looping the loop.
- Saudi Arabian buys Ravi Tikko's house.
- ITN News at 10
- Strike at British Airways. Industrial correspondent reports on film from meeting.
- BSC importing steel because of strike.
- Action against soccer hooliganism: report from Parliament and film of week-end carnage.
- Police Sgt. to get £200,000 in old lady's will after court case. Reporter quotes judge saying: "roared up to her front door" on his motor cycle and into her life. Then interviews Sgt. in street.
- Speed limits to be relaxed.
- Garages to be made to display prices clearly. Film report from a garage forecourt.
- 45.6% of British car sales were imports last month.
- Oil companies accused of breaking sanctions.
- Brezhnev on arms talks.
- Fighting on south Lebanon border. American film report.
- Rome rape case.
- Gypsy sites: film of a site and interview with minister.
- Memmore not to be saved by Government. Film of treasures inside house.
- Soccer results.
- Film of 81 year old flying grandmother looping the loop.
- Saudi Arabian buys Ravi Tikko's house.

# If you don't want the Government to arrange your company pension scheme:

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If you run a business you must consider now what you are going to do about provision of pension benefits from April 1978.

You could rely entirely on the State. You could arrange a scheme to supplement the State Pension. Or alternatively contract out.

Considering, negotiating and setting up your own scheme is a process which takes months rather than days or weeks.

Fortunately you can make things very much easier for yourself by choosing the Equity & Law Adaptable Pension Scheme.

The scheme is designed to cater for companies who wish to contract out, or to supplement the new state benefits.

- \*It streamlines administration and paperwork.
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LEONTYNE PRICE

## 24th Newport Jazz Festival

The 24th annual Newport Jazz Festival will take over many of New York City's concert halls, once again this summer from June 24 until July 4. George Wein, producer of the festival since its inception in 1954, has announced a list of artists which this year includes Sarah Vaughan, Mel Tormé, Herbie Hancock, Ornette Coleman, Count Basie, the Pointer Sisters, Oscar Peterson, Dave Brubeck, Woody Herman, George Shearing, Stan Kenton, Charles Mingus, McCoy Tyner, George Duke, Max Roach, Art Blakey, Earl "Fatha" Hines, Teddy Wilson, Chad Jones/Mel Lewis, Maynard Son, Shearing, Hines, Teddy Wilson, Dizzy Gillespie, and instrumentalists Joe Venuti, Gary Lewis, Big Joe Turner, John Burston, Art Blakey, Joe Pass, Lewis Mumford, and over 100 other jazz artists.

Wein says: "We are dedicating this year's festival to the memory of the late Erroll Garner, whose brilliant talent best exemplified the individuality of jazz expression that personifies the 'Swing' experience. With this in mind, we have scheduled several concerts which will display the solo virtuosity of pianists Peter Dinklage, Dizzy Gillespie, and instrumentalists Joe Venuti, Gary Lewis, Big Joe Turner, John Burston, Art Blakey, Joe Pass, Lewis Mumford, and over 100 other jazz artists."

Festival headquarters will be the New York Sheraton Hotel on the Seventh Avenue between 55th and 58th Streets. Further details of the Newport Jazz Festival, New York, P.O. Box 1169, Ansonia, Connecticut, New York, New York, 06403.

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EUROPEAN NEWS

EEC call for controls on multinationals' activities

BY JOHN HUNT

STRASBOURG, April 19.

THE EUROPEAN Parliament today decided to ask the EEC Commission and the Council of Ministers to establish legally binding agreement to control the activities of multinational companies within the Community. A draft code of principles for multinationals, drawn up by Herr Erwin Lange, a German Social Democrat and Mr. Sam Gibbons, a U.S. Congressman, was also accepted by the Parliament as a working document. This code envisages international agreement between the U.S. and the EEC to impose legally binding obligations on international firms operating in Western Europe and the U.S.



Replying to the Parliamentary debate, Mr. Henk Vredeling, the EEC Commissioner for Employment and Social Affairs, said that agreed rules were necessary to regulate the activities of international companies in the Community. "From an initial step should be voluntary rules and arrangements, but we should then move on to compulsory statutory rules," he added. The motion passed by the Parliament endorsed the establishment of OECD guidelines based on the voluntary implementation

of rules by international undertakings. It stressed, however, that binding and legally enforceable rules must be laid down gradually and a framework for the activities of multinationals defined in international agreements.

Such reports would include financial and personal links with other concerns, funds invested, reinvested and transferred to the home country, the origin and composition of capital and a breakdown of the taxes paid to individual taxing authorities. In addition, it seeks to regulate what it terms "pernicious political activities."

Supporting the proposal on behalf of the socialist group, Lord Bruce of Donington, the British Labour peer, said the activities of multinationals could justify the decisions taken by Governments. At the same time, he recognised that many such companies did "play the game."

Cautious optimism on Iceland fish talks

BY OUR OWN CORRESPONDENT

STRASBOURG, April 19.

A CAUTIOUSLY optimistic view of the fisheries negotiations between the EEC and Iceland was taken at the European Parliament today by Mr. Finn Olav Gundelach, the Commission's Vice-President for Agriculture and Fisheries. "I definitely don't think the last word has been said," he told the Parliament. "The choice for an acceptable situation should not be ruled out."

The Lange-Gibbons draft code envisages that multinationals publish annual reports giving a detailed breakdown of their activities across frontiers, nationally binding.

Mr. Gundelach emphasised that the reaching of a final agreement on the EEC common fisheries policy had an important bearing on the success of the Icelandic negotiations. The Commission felt the June deadline for the settlement of internal fishing policy should be strictly adhered to. "We cannot get results on the external front if we don't have a coherent internal policy," he said.

Mr. Tam Dalyell, Labour MP for West Lothian, said that the Commission should take care not to churn out regulations giving rise to "ribald headlines" saying "EEC bans ice cream."

PORTUGAL'S FOREIGN FARMERS

Out but not down

BY DIANA SMITH IN LISBON

A SMALL but angry-looking cloud hovers over Portugal's attempts to attract much-needed foreign capital. Thirty-six foreign farmers—British, German, French, Italian, Spanish and Austrian—all whom once worked land in Portugal, want justice done. Despite assurances by the military authorities of 1974-75 that foreign property would be protected, land belonging to non-Portuguese farmers was seized at the height of the Communist-sponsored onslaught on the fertile Alentejo province in 1975 under the guise of a radical land reform.

He is apparently further encumbered by a creaking bureaucratic machine. The foreign farmers are getting impatient. British farmers, aggrieved by the Government's snail pace and especially its failure to comply with the Anglo-Portuguese trade and shipping agreement, signed in 1974 (as World War One broke out) and ratified in 1976. The agreement has never been cancelled or renegotiated.

To date, foreign farmers who were dispossessed have received neither compensation nor restitution with one exception—Mr. Douglas Philmore, an English tenant farmer with a Portuguese wife who won by sheer persistence a grim, lonely battle last November to get back his land. A few foreigners still work their land under a cloud—because their farms are large and productive enough to be liable to official confiscation under the new expropriation programme due to begin this month.

Assets, damages, destruction of property and disappearance of machinery and livestock. Equally, the association would like interest to be calculated at a rate which takes into account Portugal's galloping inflation. The Government's slowness is somewhat at variance with its public utterances and guarantees of rapid action—a sobering prospect for potential investors in Portugal, who are used to

Foreign farmers have handed together into a pressure group, the Association of Foreign Farmers and Smallholders in Portugal, and they have received the constant active support of their respective embassies. The mountain of correspondence they have produced never, has not even been acknowledged by the Portuguese Ministry of Foreign Affairs. It has also received little more than polite interest from the Ministry of Agriculture now in the hands of Sr. Antonio Barreto, a man who more than once has vowed to correct the irregularities and injustices of the 1975 agrarian reform.

Powerless Until the minority Socialist Government of Sr. Mario Soares took power in the summer of 1976, the Ministry of Agriculture was a Communist stronghold. The Marxist-oriented Sr. Antonio Lopes Cardoso, who ran the Ministry from September, 1976, to November, 1976 (when he resigned after a dispute with Sr. Soares over handling of the agrarian reform), seemed powerless to control the now militantly-Communist officials in Lisbon or in the provinces. In 1975 orders (unsigned) to quit property were issued on Government stationery at a whim and all legal formalities were ignored. When Sr. Barreto and his new team took over last November they found empty filing cabinets and cupboards where important documents (including farmers' claims for compensation or restitution) ought to have been. As a first step towards assisting dispossessed foreign farmers, the Ministry of Agriculture has appointed an official to deal specifically with these cases. Since vital documents have disappeared, however, he has little more to work with than a desk and a telephone, and goodwill.

Forthcoming Meanwhile, without consulting those involved, the Socialist Government has announced its intention to introduce legislation granting complainants a fortnight to present their claims to an official Board. During this time, if the claim is accepted, the bases for compensation will be calculated and an answer forthcoming by the end of April. Foreign farmers are somewhat sceptical about full satisfaction of their demands. A member of the association said: "It's like eating candy floss. You take a bite, think you have something, then find it's vanished."

The foreign farmers' association has submitted carefully-researched documents to the Government, containing what it considers a fair basis for calculation of compensation for loss of

Romania plans rise in real wages

By David Lascelles, East Europe Correspondent

BUCHAREST, April 19. IN A striking change of policy Romania has decided to give workers higher take-home pay but at the cost of slowing down the growth of social services. Production of consumer goods will be boosted to meet the rising growth in purchasing power.

The change which came here was decided upon before the recent earthquake led in delays in the reduced of the working week, is designed to speed up the rise living standards which are in investment in Comecon.

The new policy was first mentioned briefly in a speech President Nicolae Ceausescu. He said that it was "abnormal" for spending on social services to rise faster than wages, an priorities were to be reversed. "We must the people themselves run the affairs and we should believe that we are able to manage things better," Ceausescu said that, a result, real wages would rise by 30 per cent in the current five-year plan extending 1980 compared with original target of 18-20 per cent. He also hinted that the would be more attractive differentials for those who work hardest. Romania thus joins other Comecon countries who a more incentive in cash payments than in rapid rise in social service spending, which is taken for granted. Officials say the new plan will first be reflected in the year's annual plan with high wage and consumer goods gets. Prices will remain frozen, though an inflation rate of 1 per cent a year officially planned. The social services budget will be tightened up in real money for these wage rises but the official hope is that standard of social services will be maintained through economies.

Advertisement for Banque Bruxelles Lambert. Includes text: 'We're old hands at new ventures.', 'Co-creators of first Eurobond.', 'All the expected services.', 'Banque Bruxelles Lambert the person-to-person bank.'

Advertisement for Irvine New Town. Includes text: 'HOW IRVINE NEW TOWN GAVE ONE COMPANY A MAGIC CARPET RIDE.', 'The Irvine Development Corporation has something of a reputation for looking after the Goliaths of the company world. Like Beecham, Hysler, SKF and Volvo.'

Advertisement for Coventry Economic Building Society. Includes text: 'Coventry Economic Building Society', 'Annual General Meeting, 20th April 1977.', 'EXTRACT FROM THE STATEMENT OF THE CHAIRMAN, MR. W. ERLE SHANKS.'

Advertisement for Villa Foch. Includes text: 'VILLA FOCH', 'Renovation of a former Embassy', '6 duplex apartments', 'one of the most prestigious addresses in Paris. Facing Avenue Foch.'

Advertisement for Coventry Economic Building Society. Includes text: 'Coventry Economic Building Society', 'Annual General Meeting, 20th April 1977.', 'EXTRACT FROM THE STATEMENT OF THE CHAIRMAN, MR. W. ERLE SHANKS.'

Handwritten note: 'copy 1250'

EUROPEAN NEWS

Bonn gives Spain support for future EEC entry bid

By Guy Hawtin

DEMOCRATICALLY elected West German Government will have support if it applies to join the EEC. This was made clear today by the first State visit to Bonn by a Spanish monarch in more than 40 years.

King Juan Carlos, who is in Bonn for the first State visit to Germany by a Spanish monarch in more than 40 years.

President Scheel made clear his admiration for the progress Spain had made towards democracy since the death of General Franco last year.

Backing from business

By Reginald Dale, European Editor

THE VAST majority of leading West European industrialists and bankers favour Spain's entry into the EEC, according to a poll conducted for the Spanish Chambers of Commerce and Industry.

Half of them thought the country's economic structures were more like those of a developing country than a modern industrial country.

But the most startling figures came in answer to a question designed to grade Spain's attraction as an area for investment.

Portuguese tourist industry recovers

By Diana Smith

LISBON, April 19. THE PORTUGUESE tourist industry, which went into a decline during 1974 and 1975, and only picked up modestly last year, now faces brighter prospects.

Improvement in tourism has been helped by the Government's efforts to shift thousands of homeless refugees, who have arrived from former Portuguese colonies, from high-quality hotels around the country.

Baudouin in talks on new government

By Guy Hawtin

King Baudouin of the Belgians started political consultations yesterday on the formation of a new government, following a general election on Sunday.

Sweden planning big new state forestry industry

By William Dullforce

SWEDEN'S new non-Socialist Government will shortly be presented with a plan to form a giant new State forestry industry, controlling one-fifth of Sweden's forest resources.

Finnish exports at risk

By Lance Keyworth

THE SUDDEN strike of ships' orders to Swedish mills, their engineers called yesterday in support of the electricians' stoppage, which is now in its fourth week, threatens to paralyse Finnish exports.

Fresh move in French kidnap investigation

By Guy Hawtin

A FRENCH police investigation into the kidnaping here last week of a senior Fiat company executive has asked for an interview as soon as possible with Sig. Giovanni Agnelli, head of the Italian firm, police said today.

Italian workers' role

By Guy Hawtin

Italian Prime Minister Giulio Andreotti has proposed that workers should take part in the management of uncompetitive firms which the government has taken over and hopes to make viable, Reuter reports from Rome.

British torture trial opens

By Guy Hawtin

IRELAND to-day claimed Britain over-reacted to the 1971 emergency in Northern Ireland and unjustifiably curbed human rights there.

French gold strike

By Guy Hawtin

A strike by workers at the only gold mine in France has entered its fifth week with no signs of an agreement between management and unions in the next few days, AFP reports from Paris.

Geneva newspapers out

By Guy Hawtin

Geneva was without local newspapers yesterday for the first time in 19 years as about 1,000 printers began a three-day strike in support of demands for a shorter working week and improved wages, Reuter reports.

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AMERICAN NEWS

Aluminium industry wage talks begin

By Stewart Fleming

NEW YORK, April 19. TALKS AIMED at securing a new three-year wage contract in the aluminium industry began today between the United Steelworkers' Union and two of the country's three leading aluminium producers.

Earlier this month the steel union agreed to a three-year contract in the steel industry which was expected to add some 30 per cent. to employment costs for steel companies over the contract's life.

The steel contract also included provisions to give long service steel workers additional protection against lay-offs. Steel union leaders have indicated that they will use the pattern set in the steel industry as the basis for their negotiations in the aluminium industry.

The talks which begin today involve aluminium Company of America (Alcoa) and Reynolds Metals. Kaiser Aluminium and Chemical Corporation will begin talks next week.

U.S. businessmen in bid to change anti-boycott bill

BY DAVID BELL

WASHINGTON, April 19.

THE AMERICAN business community, having analysed the latest versions of the two Bills outlawing most compliance with the Arab boycott, has now decided to launch a campaign to stop either of them being passed in their present form.

Yesterday 250 corporate representatives of the U.S. Chamber of Commerce met here and after the meeting Mr. Richard Lesher, the head of the Chamber, said that the "Senate Bill would make it difficult to do business in the Middle East and the House Bill would make it next to impossible."

WASHINGTON, April 19.

Considerable confusion still surrounds the precise wording of both Bills but the meeting was told that the compromise effort to be launched will also phraseology that the business community thought was being inserted into the final version.

Both Bills have been reported out of committee but have yet to go before the full House or Senate.

Among other things, the participants at yesterday's meeting agreed that the current phrasing of both Bills contained so many possible loopholes and ambiguities that most companies might

try to play it safe and simply suspend business with the Middle East. Therefore the lobbying effort to be launched will also phraseology that the business community thought was being inserted into the final version.

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WASHINGTON, April 19.

THE announcement of the walk-out's end came yesterday from the union's president, Mr. Thomas Gleason, after a meeting between union leaders and executives of the seven container companies affected.

Mr. Gleason told reporters that negotiations would continue on the dispute, which involves container handling and wages. He said the union felt that a Government ruling in 1975 allowing non-members to handle containers within 50 miles of the waterfront had meant a loss of jobs for members.

NEW YORK, April 19.

THE 35,000 dock workers on strike since Thursday against seven major shipping lines in ports from Maine to Texas returned to work today pending resumption of contract negotiations, according to spokesmen for the International Longshoremen's Association.

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BEIRUT, April 19.

THE profits accrued by the U.S. oil companies operating in the Middle East, the study says, These hit a peak of \$8.42bn. in 1974, fell to \$2.336bn. in 1975, and rose to an estimated \$2.997bn. in 1976.

But the straight U.S. trade balance with the Arab world registered a deficit for the U.S. in 1974 and 1976. A trade balance deficit of \$903m. in 1974 turned to a surplus for the U.S. of \$960m. in 1975, but reversed to a \$1.377bn. deficit in 1976 according to recent U.S. Commerce Department figures.

U.S. dock men return for talks

NEW YORK, April 19.

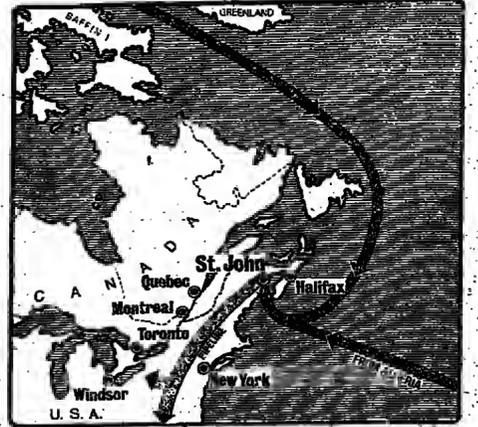
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TRANSPORTING NATURAL GAS

Winter crisis boosts case for \$500m. Canadian terminal plan

BY ROBERT GIBBENS IN MONTREAL



SAINT JOHN, largest city in New Brunswick, and a major deep water port with access to the open sea via the Bay of Fundy, may well become the pivot of a major international natural gas transportation system by the mid-1980s. The American natural gas crisis this winter has given urgency to the case for building a \$500m. Liquefied Natural Gas terminal there, as proposed by the Canadian Pacific Group. It would be part of a much larger international gas transportation and distribution system, costs of which are estimated at \$5bn. The Americans are desperately short of natural gas. Canada has a temporary surplus in the West, but will be short, too, by the mid-1980s if frontier sources in the Arctic and offshore are not connected by then. Declining oil exports and rising oil imports are already straining the Canadian balance of payments.

The Americans have relatively large amounts of gas available in Alaska, to be connected via the Arctic and offshore are not connected by then. Declining oil exports and rising oil imports are already straining the Canadian balance of payments.

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Seaboard. Safe deep water harbours are hard to find on the U.S. East Coast and many areas have refused to have any LNG terminals. That brought Tenneco to New Brunswick and the new industrial area of Lorneville, 10 miles west of Saint John. Tenneco, with Canadian partners and support of the New Brunswick government, would bring the gas to the terminal, revaporising plant at Lorneville and take most of the gas into its North-eastern U.S. distribution system.

This is what is proposed in broad outline: Starting in 1981, LNG would be imported from Algerian liquefaction plants and terminals operated by Sonatrach, the Algerian state oil and gas company, across the Atlantic to the Lorneville plant near Saint John. Eight standard LNG tankers, each with 125,000 cubic meters capacity, would be required. In current prices these would cost over \$200m. each. Tenneco already has the financing for four in the U.S.; another four are to be built in Europe for the Algerians.

Safe access

The trip across the Atlantic to Saint John is the shortest possible—100 miles less than to the Boston area. Shipping access is judged safe and environmentally sound. At full capacity, LNG tankers would arrive at Lorneville at the rate of one every 21 days.

The terminal would take two ships at a time and would have four 600,000 barrel LNG storage tanks and a large based-load deliquefaction plant.

The revaporised gas would move 65 miles to the Maine border in a 36-inch pipeline to be built by TransCanada Pipe-lines. When it reaches the Tenneco distribution system at Albany, it will cost about \$4.50 per m.c.f. (1,000 cubic feet, the standard North American measure), out of line with commonly accepted estimates for the price of "wet" or imported natural gas early in the 1980s.

About 17 per cent. of the gas brought in by Tenneco would become available to Canada if it wants it. Some could be connected to New Brunswick consumers direct by TransCanada. Equivalent amounts most likely will be taken by Union Gas, the second largest Ontario distributor from the American system at Niagara Falls to most supplies in south-western Ontario. A pipeline from Saint John to Montreal, about 450 miles away, may later be planned. At present Western natural gas comes only as far east as Montreal, and no developed market exists between Montreal and Saint John.

Favourable

Applications for the Tenneco end of the project are before the U.S. Federal Power Commission. TransCanada and the Canadian Lovell Gas, 50 per cent. owned by Union Gas, have applied to the National Energy Board in Ottawa for the pipe-

line permit and approval to bring American gas to south-east Ontario. Lorneville LNG, the entry which would build the Saint John terminal and revaporising plant, is controlled by Canadian Pacific, with Paktank of Houston and possibly other partners. It has an NEB application pending. The New Brunswick government is supporting it, and the NEB's preliminary attitude has been favourable.

Canadian Pacific hopes to have public hearings completed by June and approvals ready for a start on detailed engineering and planning by late September.

The \$500m. estimate for the Lorneville terminal represents the cost of the dock and sophisticated unloading equipment, the tanks and the revaporising plant. Of this, about \$300m. would be spent in Canada for equipment and construction services. There would be 100 permanent jobs. Saint John would provide drydocking and repair services for the LNG tankers, supplies, tugs and so on.

Canadian Pacific has been getting into commodity storage with the Tale and Lyle group of the U.K., and now plans to move into oil and petroleum product storage. It is one of two groups planning future large volume oil storage in old mines in the Maritimes, in co-operation with the Canadian and American Governments.

High volume

The system, under present plans, would be in full operation by 1983. Both Tenneco and Canadian Pacific regard it as more than a beginning. The Americans will in due course be importing Nigerian gas to the East Coast and possibly Russian gas as well, using LNG tankers.

Feasibility studies are under way on moving natural gas from the Arctic Islands to Saint John, with a target date in the early 1980s. This would require first a liquefaction plant in the Canadian Arctic near the Melville Island gas fields, a terminal, and two or three ice-strengthened LNG tankers. Tenneco is a member of the Polar Gas group which has been planning a 48-inch pipeline from the Arctic Islands via the west side of Hudson Bay to Toronto, Montreal and the U.S. market. But this is a high-volume project requiring at least another five years to prove reserves sufficient to justify the cost.

The LNG system for the Arctic Islands gas would handle one-sixteenth of the volume, but would bring in revenues by 1981-82 if the economics are proved. The new Canadian national oil company, Petro-Canada, and the Alberta government-controlled Alberta Gas Trunk Line Company, are backing the studies for moving LNG from the Arctic Islands. The federal-private consortium has so far proved 16 trillion cubic feet of gas there. But 25 trillion owned by Union Gas, have applied to the National Energy Board in Ottawa for the pipe-

ELLIOTT GOT A JOB PUMPING GAS. IN THE NORTH SEA.

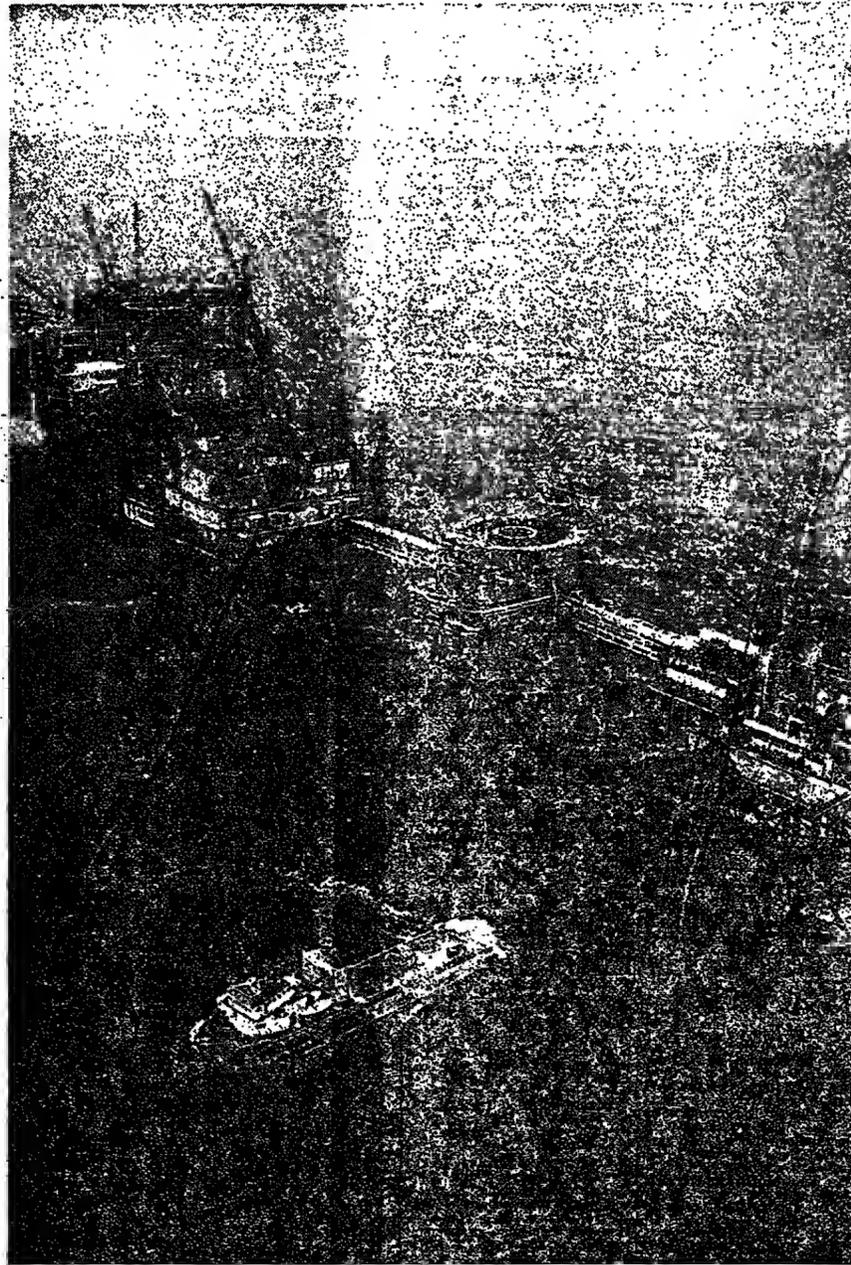
The job: pumping natural gas back down into oil wells two miles deep. Reinjection saves gas that would otherwise be wasted and increases the oil production over the life of the field.

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# OVERSEAS NEWS

## Japanese decide to move forward public works expenditure

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, April 19. JAPAN AIMS to concentrate 73 per cent of the public works expenditure budgeted for fiscal year 1977 during the first half of the year, and it is possible to spend as much as half the total during the next three months. This was announced today as part of a package of economic stimuli following the government's 4 per cent rate cut.

The plan to bring forward public works spending had already been informally announced by the government but the commitment to do so appears to have hardened and some additional steps are now being taken to realise the 73 per cent target. In particular, a Headquarters for the Promotion of Public Works Spending is to be established, the members being senior Ministers and officials.

## Compensation sought for MiG

By Our Own Correspondent

TOKYO, April 19. THE SOVIET Union is demanding \$25m (about £6m) in compensation from Japan regarding the incident involving the emergency landing of a MiG-25 Soviet fighter aircraft at a Japanese airport and the subsequent dismantling and detailed examination of the aircraft.

## Vorster calls in Turnhalle committee on Namibia

BY QUENTIN PEEL

JOHANNESBURG, April 19. THE ENTIRE membership of the Turnhalle constitution committee, which has drawn up plans for a South African-backed interim Government leading to independence in Namibia, has been summoned to 12 meetings with Mr. John Vorster, the South African Prime Minister.

The move is seen as a direct consequence of the demands concerning the future of Namibia made by the five Western members of the UN Security Council two weeks ago, in which they demanded significant concessions from the Turnhalle solution in the territory, including UN-supervised elections and involvement of other political parties. The meeting will take place in Cape Town on Friday.

The constitution committee has already effectively finalised a constitution for the interim Government, drawing equal representation from each of the 11 defined "ethnic groups" in the territory. This constitution is now being drafted to be presented as legislation to Parliament in the present session.

However, Mr. Vorster has agreed to talk on the future of Namibia in response to the approach by the ambassadors of the U.S., Britain, France, Canada, and Germany. Details of such talks, expected to be held either in Cape Town or New York, are still being finalised.

## Zaire claims successes

KINSHASA, April 19.

ZAIRE Government troops, continuing a slow advance against rebel units, have entered the Lufupa River in South-eastern Shaba (formerly Katanga) province, diplomatic sources said here today. They said that the Zaire troops, pushing steadily into rebel-held territory, crossed the Lufupa, some 10 miles west of the copper-mining centre of Kolwezi, when the insurgents failed to blow up a bridge.

There were no immediate reports of further fighting in Shaba when the rebels invaded from Angola, nearly six weeks ago.

## BOTHA: 'I'd end white rule white rule tomorrow, if...'

JOHANNESBURG, April 19.

FOREIGN Minister P. W. Botha says he would end white rule "tomorrow, if he could" but would not accept South Africa's self-determination. Addressing an election rally in the suburb of Westdene, where he contests a by-election next month, Mr. Botha said all South Africa wanted was the right to self-determination.

"We wish to enjoy our cultural heritage, practice our religion and educate our children in our languages according to our norms and values, and to govern ourselves. As far as I am concerned, if we could terminate white rule over blacks tomorrow, I would be the first to do it... we don't want to lord it over black people."

Referring to calls by America's United Nations Ambassador, Mr. Andrew Young, for change in South Africa's policies, Mr. Botha said it appeared the outside world demanded "we should willingly accept our own destruction in our own country."

Commenting on developments in neighbouring Rhodesia, Mr. Botha said the South African government accepted Prime Minister Ian Smith's sincerity when he acknowledged majority rule within two years as an irreversible process.

# Assad patches up rift with Moscow

BY OUR FOREIGN STAFF IN LONDON AND DAMASCUS

PRESIDENT Hafez Assad of Syria yesterday announced the results of a two-day visit to Moscow. Assad said that both sides were pledged to work towards a comprehensive settlement of the Middle East crisis "on the basis of the inadmissibility of appointing territory by means of war."

Assad's visit to Moscow was the first since he took office in 1970. He was accompanied by a high-ranking Syrian official, the Deputy Prime Minister, and a senior official of the ruling Baath Party.

## Sarkis wants to disarm Palestinians

BY OUR FOREIGN STAFF

WITH fighting in south Lebanon between the alliance of Palestinian guerrillas and Lebanese left-wing forces, and right-wing Christian militias warring to the level of occasional shelling, discussion is gaining momentum on the application of the 1969 Cairo agreement which regulates Palestinian presence in Lebanon.

Lebanese officials have drawn up what is described as a "Lebanese interpretation" of the accord, details of which are beginning to emerge. In the meantime, the enforcement of the Cairo agreement is being rejected by some of the Lebanese guerrilla forces in the south.

## Left-wing Egyptian Press man pushed out

By Michael Tingay

CAIRO, April 19. THE EGYPTIAN Government continued its quiet purge of the domestic Press today with the appointment of a Government post of the chief of a Left-wing magazine. Last month the editor of Egypt's only Marxist magazine was ousted from office after he had published material interpreting the January riots in a way different from the Government line.

Semi-official Egyptian newspapers today announced that Mr. Abdul Rahman el Sharkawi, chairman of Rose el Youssef magazine, has been appointed to a high post in the Egyptian Arts Council. Appointments to secure positions and subsequent announcements in the Government-owned Press are a common method of dismissing people from prominent posts in Egypt.

When Mr. Lutfi el Khuli, former editor of the Marxist monthly Al Talia was pushed out of office last month, staff of the magazine were unwilling to work under his replacement. Both magazines have published articles embarrassing to the Government; Rose el Youssef not so long ago published what was purported to be a text of a CIA report on Egypt.

# Some spectacular Italian scenery is now available in Britain.



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Lancia are already well known for bringing the beauty of Italy into this country. Such breathtaking sights as the Beta HPE, the high performance estate, that looks nothing like an estate. Or the Beta Coupés and Spydors, with their exotic looks and performance. Or the beautiful, practical Beta saloons, that combine sparkling performance with family accommodation. Now there's the superb two-seat Beta Monte-Carlo with mid engine and rear wheel drive, the same concept that has won Lancia the World Rally Championship four times in the last five years.

It has a 2.0 litre twin overhead engine, 5-speed gearbox and independent suspension. A combination which gives superb handling, making the most of its exhilarating performance and around 118 mph top speed. And it's available in either fixed head or convertible versions. The Lancia Beta Monte-Carlo. Probably nothing more desirable has come out of Italy since Sophia Loren.

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- Tonbridge, Tel: 01892 2024
- Wallingford, Tel: 01235 2024
- Wolverhampton, Tel: 01902 2024
- Worcester, Tel: 01273 2024
- Worthing, Tel: 01243 2024
- Wroughton, Tel: 01295 2024
- SCOTLAND
- Aberdeen, Tel: 01224 2024
- Ayr, Tel: 01753 2024
- Dundee, Tel: 01382 2024
- Edinburgh, Tel: 0131 2024
- Glasgow, Tel: 0143 2024
- Moray, Tel: 01467 2024
- Peebles, Tel: 01896 2024
- WALES
- Cardiff, Tel: 011 2024
- Pontypridd, Tel: 01495 2024
- Swansea, Tel: 01792 2024
- Haverfordwest, Tel: 01263 2024
- NORTHERN IRELAND
- Belfast, Tel: 01234 2024
- ISLE OF MAN
- Port Erin, Tel: 01624 2024
- CHANNEL ISLANDS
- Guernsey, Tel: 01481 2024
- Jersey, Tel: 01534 2024

WORLD TRADE NEWS

U.K. marine suppliers in Brazilian sales drive

By Roy Rogers, Shipping Correspondent. BRITISH MARINE equipment manufacturers are striving for a major slice of the estimated \$1.185m. import requirements of the expanding Brazilian shipbuilding industry.

Mood of confidence among U.K. exporters to W. Germany

BY GUY HAWTIN, FRANKFURT, April 19. THE CONFIDENCE of British businessmen selling in the West German market received a considerable boost from last year's 25.1 per cent. increase in exports. A survey, just produced by the British-German Trade Council, indicates that they should be starting 1977 in a much more positive frame of mind.

U.S. order for Head-Wrightson

Financial Times Reporter. HEAD-WRIGHTSON, the Tees-side engineering group, is to supply refining equipment worth £1.6m. for installation in a Corpus Christi, Texas, ethylene complex.

Steel quotas will be main topic in U.S.-EEC talks

BY DAVID BUCHAN, BRUSSELS, April 19. AN EEC request that the U.S. totally scrap its import quotas on special steels will be high on the agenda of the two-day round of U.S.-EEC talks that start in Brussels tomorrow.

India waits on export subsidies

BY K. K. SHARMA, NEW DELHI, April 19. THE announcement of India's foreign trade policy has been delayed because the new Government is still getting to grips with problems but indications are that export subsidies in fiscal 1977 will be more than Rs.3bn. (roughly £200m.).

Trade gap closes sharply

BY OUR NEW DELHI CORRESPONDENT, NEW DELHI, April 19. INDIA'S TRADE gap in the financial year 1976-77 ended March 31 is expected to narrow sharply to around Rs.1bn. compared with more than Rs.12bn. in the previous year.

Protectionism warning

P. PARIS, April 19. U.S. Treasury Secretary Mr. Michael Blumenthal said European countries should not apply protectionist policies, especially against Japan, in coping with their economic problems.

Japanese exporters seek help to offset higher yen

Working capital to enable these companies to carry on business. The Chamber and the Council have also asked the authorities to raise substantially the ceiling of \$20,000 per company on the foreign exchange deposit account.

Kubota signs Turkish deal

TOKYO, April 19. KUBOTA LTD said it has signed a 10-year agreement with Turkey's state-run agricultural machines manufacturer, Turkey Ziraat Donatim Kurumu Genel Mudurlugu, in supply tractors and tractor manufacturing technology.

£13.8m. loan for East Germany

The Export Credits Guarantee Department has guaranteed a £13.8m. loan arranged by Lloyds Bank International, acting on behalf of Lloyds Bank Limited, to Deutsche Aussenhandelsbank, Berlin.

Qatar orders

The Qatar Petrochemical Company has concluded two major equipment orders for its \$331m. petrochemical complex at Umm Said, the Middle East Economic Survey said, adding that QPC had sent a \$75m. letter of intent to Japan Gasoline and a \$25m. order to the Italian Turbomechanica.

Floating plant

The technical and economic feasibility of a floating methanol plant has been verified in a joint study by Continental Oil and a Tokyo group of Mitsui companies.

Panama locos

A group of Japanese companies has won a \$1.9bn order from the U.S. Government authorized Panama Canal Co. for eight electric locomotives and spare parts to be used for towing ships through the canal.

G. Kent order

Kent Instruments, the main instrumentation and process control subsidiary of the George Kent Group, has won a contract worth nearly £15m. to design, provide and install instrumentation for the Libyan Government's new Tripoli West Power Station.

Fire equipment

AFA-Minerva (EMI), a market leader in fire and crime protection, has signed a contract with GEC (Hong Kong), in conjunction with AFA-Minerva's representative in Hong Kong, Arnold and Co. for the supply and installation of fire protection equipment worth £1.25m. for the Hong Kong Mass Transit Railway.

“With a fast yes (and sometimes no) from ECGD, we're beating the competition in 60 markets.”

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“With the competitive situation that we have we need a really fast 'yes' or 'no'. It takes longer in some markets but what ECGD says counts with us.”

Brian Iles is Sales and Marketing Director at the Liner Concrete Machinery Co. Ltd., Gateshead. Clive Wakley is Export Sales Manager. Liner Concrete have been manufacturing contractors plant and site handling equipment since 1916.

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To make an appointment or for information contact the Information Officer, Export Credits Guarantee Department—quoting reference FT L—at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham offices, or John S. Ailes, Information Section, ECGD, Aldermanbury House, London EC2P 2EL. (Tel. 01-606 6699, Extn. 258).



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HOME NEWS

BP may be appointed manager of Sullom Voe oil terminal

BY RAY DAFTER, ENERGY CORRESPONDENT, IN SHETLANDS

BRITISH PETROLEUM is likely to be appointed the manager of the big Sullom Voe oil terminal, which is destined to handle over half of Britain's North Sea oil.

It was also learned that the industry and the Shetland Islands Council are on the verge of forming a new environmental advisory group to monitor the impact of the terminal, which could be handling 1.2m. barrels a day of oil in the early 1980s.

Later next year, when all starts to flow through the Brent pipeline, the terminal could be handling some 500,000 barrels a day.

Lean year for package holiday operators

By Arthur Suddles

ONLY TWO of Britain's top five tour operators are more optimistic about their prospects this year than they were last.

Rockware launches £10m. capital spending programme

BY KEVIN DONE, INDUSTRIAL STAFF

ROCKWARE, the glass bottle and packaging group, has launched a £10m. capital spending programme to increase on-site warehousing and develop glass-container technology.

About 80 per cent of Rockware's business is in the glass division. It seems to become less dependent on this sector.

Ulster power site workers walk out

By Our Belfast Correspondent

MORE THAN 1,000 construction workers at a Northern Ireland power station stopped work yesterday in support of Loyalist vigilantes facing obstruction charges in court.

The men, working on the site of a power station being built at Rilltoon Co. Antrim, stopped work for a half-day, three hours after five members of the Ulster Service Corps appeared in court in Portadown.

The case was adjourned for a special hearing in Armagh on May 3.

The Ulster Workers' Council last week threatened to strike in support of the USC men, and although yesterday's strikers are not actual power workers, the stoppage revived memories of 1974, when the power stations were at the centre of UWC strike action.

New security checks likely after attack on Minister

BY OUR OWN CORRESPONDENT

SECURITY on Irish Cabinet Ministers, which was strengthened recently because of the Republican hunger strike, may be extended to Junior Ministers and perhaps even Members of Parliament after an attack on the home of the Parliamentary Secretary to the Minister for Social Welfare.

Mr. Cosgrave, the Irish Prime Minister, described Monday's incident at the home of Mr. Frank Cluskey, as "dastardly".

Another of the hunger strikers has ended his fast, leaving 15 who have gone without food for more than 40 days. The seriousness of their condition may be judged from the fact that relatives have received letters inviting them to make arrangements to visit the men.

Until now, relatives have not been allowed to visit the hunger strikers unless they gave an undertaking to try to persuade them to call off their protest. Among those who have received such a letter is the wife of David O'Connell, the Provisional leader, and she intends visiting him this morning.

The crowd which went to Mr. Cluskey's home in North Dublin said they were supporting the hunger strikers. They threatened that his family would be harassed every night, and he would be stripped and searched in the street. The front door of the house was damaged during the incident.

In the Daily this afternoon, Mr. Neil Blaney Independent member for Donegal, asked Mr. Cosgrave to give immediate and urgent attention to setting up an inquiry into conditions at Port Laoise prison. Complaints about these conditions formed the basis of the hunger strikers' protest.

Mr. Cosgrave told him that the matter was not on the afternoon's business, and he did not intend setting up an inquiry.

Newcastle in U.S. exchange

AN EXCHANGE visit has been arranged between Newcastle upon Tyne and Atlanta, capital of President Carter's home state of Georgia.

On July 4—Independence Day—250 citizens of Atlanta will fly to Newcastle, and the same aircraft will then fly 250 people from Newcastle to Atlanta.

Exotica

The most spectacular fall in predicted custom comes from British Airways. Last year at this time, Sovereign and Enterprise Holidays were hoping to carry more than 300,000 passengers.

But while there may be fewer than 200,000 passengers in 1977, the airline is not giving up. The latest offering is Outer Mongolia, the headline-grabbing destination in Thomson Holiday's programme for the winter of 1977-78.

Some 150 plus Government Low and airport taxes will be a one-week trip in mid-December, and somewhat higher rates apply for the rest of the winter season.

Flexible handling of droughts urged

BY STUART ALEXANDER

THE NATIONAL Water Council has come out against a programme of further heavy capital investment to deal with another drought.

In a report to Mr. Denis Howell, the Minister responsible, the Council says: "Droughts need to be tackled in a flexible and adaptable way—as they develop. Last year's drought showed that the water authorities can deal with severe shortages by this approach."

While the Council recognises the need for improved storage and pipelines in particular areas, it firmly rejects a national grid system.

It emphasises the continuing need to rely on voluntary cuts in consumption by home and industrial users and the need for the regional water authorities to retain the powers for individual action.

Central and local government must be ready to ensure that the necessary resources are provided to supplement the limited manpower of the water industry, say the report.

Methods of restriction must be matched to local circumstances and trusts to good communication and consultation in dealing with severe emergencies, it adds.

Demonstration

Before the men walked out, the Rev. Ian Paisley, with Mr. Ernest Baird, leader of the United Ulster Unionist Movement, led 1,000 supporters in a demonstration outside the courthouse in Portadown.

Mr. Baird said: "We are starting a campaign which will not be easy, but which we will direct in such a way that there will be minimum hurt to Loyalists and maximum hurt to those who want to destroy this country."

Wool textile production up in February

By Our Industrial Staff

WOOL TEXTILE production showed a moderate improvement in February, but the increases in output were limited to the worsted sector with the woollens sector remaining level.

Figures from the Wool Industry Bureau of Statistics show that there were small rises in the consumption of wool and man-made and other fibres in the first two months of the year compared with January and February 1976. Total production showed a marked rise for both wool and man-made fibre types.

Deliveries of worsted yarn showed a substantial increase in February up by 14 per cent on the previous month and 11 per cent, ahead of the same month last year.

Woolen yarn production on the other hand showed a fractional decline, caused by a fall in carpet yarn which just outweighed the rise in hosiery and hand-knitting yarn.

Charity wants extra tax to aid old

MOST PEOPLE would be willing to pay slightly more tax to see the old cared for in their own homes instead of in hospital or residential homes, according to a national survey.

The National Corporation for the Care of Old People claimed that the average taxpayer would pay another 2p in the £ if more nurses and home helps were provided to help relatives look after old folk.

Its annual report undercuts home care as the first priority, followed by assisted housing and, thirdly, residential care.

The report also called for fixed retirement age a denial of individual choice and a ban to see insure flexibility.

Mr. Colin King leaves £114,507

Mr. Colin Henry Hainsworth King, late chairman and chief executive of Wolf Paper Manufacturers, who left £114,507 gross, £85,200 net, was a son of Sir Cecil King, former IFC chairman.

Sir George Dreyfus, CBE, died at 100, 157 Grosvenor St. Sir George was a former MP for the Southdown Division and served from 1945 to 1974. He was a Parliamentary Private Secretary to Mr. Harold Wilson (now Lord Watkinson) at both the Ministry of Transport and the Ministry of Defence.

ANGLOVAAL GROUP

Mining companies' reports — Quarter ended 31 March 1977

Table for Prieska Copper Mines (Proprietary) Ltd. showing operating results, financial results, and development for the quarter ended 31 March 1977.

Table for Eastern Transvaal Consolidated Mines, Ltd. showing operating results, financial results, and development for the quarter ended 31 March 1977.

Table for Hartbeestfontein Gold Mining Co. Ltd. showing operating results, financial results, and development for the quarter ended 31 March 1977.

Table for Consolidated Murchison Ltd. showing operating results, financial results, and development for the quarter ended 31 March 1977.

Table for Consolidated Murchison Ltd. — continued, showing financial results for the quarter ended 31 March 1977.

Table for Loraine Gold Mines, Ltd. showing operating results, financial results, and development for the quarter ended 31 March 1977.

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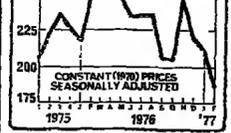
HOME NEWS

Hope of recovery in building orders set back

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOPES THAT orders for the construction industry were showing signs of recovery were set back yesterday by the latest Government figures.

Statistics for February had shown that the value of orders won by contractors took a sharp



cent. down on the previous quarter when expressed in constant prices. Orders in the December to February quarter were, on the same basis, 9 per cent. down on the same period a year earlier.

New orders in the housing sector remained depressed. For council housing, February orders were worth only £68m, at current prices, compared with £10m in the previous month.

In the private housing sector, contractors prepared for work valued at £24m during February, a repeat of the previous month's level. When compared on a three-month basis, private orders in the December to February period were 18 per cent. down on the corresponding three months and 25 per cent. below the same period one year earlier.

Public works new orders received by contractors in the three months ended in February were 1 per cent. higher than in the previous quarter but still 5 per cent. down on a year before.

Orders for private industrial work were down 12 per cent. on the earlier three months but 36 per cent. higher than a year earlier. Private commercial orders in the December to February period were 8 per cent. higher than in the preceding quarter and 31 per cent. better than they were a year earlier.

Jetfoil crossing record

EUROPE'S FIRST jetfoil arrived in Aberdeen yesterday after a record run from Stavanger. The 90-foot Roehlf 829-100 BC jetfoil, Flying Princess, made the crossing in slightly over six hours, at an average speed of more than 40 knots for the crossing of almost 300 miles.

On board was a group of NATO officers, including Commander John Knight from the Ministry of Defence in London.

The trip was part of a two-month tour, which began in Copenhagen last month and ends in Portsmouth, to enable NATO



Mrs. Joyce Wincott yesterday made the annual presentation of the Harold Wincott Award in London. This year the award was shared between Anthony Harris (right), of the Financial Times, and the late David Malher, of the London Evening Standard. Receiving the award on behalf of her

father was Mrs. Simco Hilton (second from right). Neville Boyd Mansell, of the Birmingham Post, received the award for a writer on a provincial paper while the late Harold Wincott gazed down on the ceremony, at the Institute of Economic Affairs, over his wife's left shoulder.

Banking group plans reports on 90 nations

THE ASSOCIATED Banks of Europe has introduced a monthly series of country reports which will cover about 90 countries annually.

Each report, set in a simple one-sheet format, contains up-to-date economic, financial and political information on the country concerned.

Companies and individuals who want their reports should write for a mailing list application to: Group Economic Intelligence Unit, Barclays Bank International, 54 Lombard Street, London EC3P 3AE; or Associated Banks of Europe Corporation SA, 53 Avenue des Arts, 1040 Brussels.

National Front 'poison' warning

POLITICAL LEADERS were urged last night to speak out for tolerance and fair play to help stop the spread of National Front 'poison.'

Mr. David Lane, chairman-designate of the Commission for Racial Equality, told a meeting in London: 'As Hitler made the Jews the scapegoats for Germany's problems, so the Front now points to the coloured population of this country.'

The Front, the professed aim of which was to increase Britain's strength, was offering a recipe for discord and strife, not harmony and unity.

Other minorities needed to be of British democracy but of Hitler and Stalin.

Mr. Lane added: 'At least two out of five of the coloured population were born in this country. They go home not to Barbados, Bangladesh or to Brixton, Bradford or Birmingham.'

All of us who are concerned for the health of Britain must combine to check the spread of this poison. It is time for political leaders to speak out loudly for tolerance and fair treatment.

New head office for the Anglia

THE ANGLIA Building Society opened a £3.8m. headquarters in Northampton yesterday.

Facilities for the 350 staff include a food shop, putting green and landscaped rocky garden.

Executive job prospects improve

BY NICHOLAS LESLIE

PROSPECTS for executive recruitment have improved considerably, according to MSL the international management selection group.

The better trend is not confined to any particular business, but spans most areas of activity, it says.

In the latest quarterly report of its MSL Index—which is based on advertisements placed in a series of national newspapers—the management selection group says that there was an "upward surge" in the number of executive jobs advertised in the first quarter of 1977. This followed a slump in the first three months of last year.

The number of jobs advertised in the most recent quarter was 5,715, which was 35 per cent. above the 4,220 recorded in the first quarter of 1977 when the index reached its lowest point in recent years.

MSL maintains that the latest movement strongly suggests that executive demand is set for future growth. Mr. Harry Reiff, the company's chairman, commented that "it is significant that the rise in executive demand extends over almost all the executive job categories covered by the index, and is not the reflection of a freak movement or unusual requirement for one particular group of managers."

The biggest increase in demand was for personnel executives. There were 42 advertisements, which was 52 per cent. above the 28 per cent. of 1976 and 45 per cent. ahead of the figure for the first three months of last year. A total of 441 computer jobs was a rise of 21 per cent. on the fourth quarter of 1976, and 22 per cent. up on the first quarter figure.

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JOHANNESBURG CONSOLIDATED INVESTMENT GROUP

(All companies mentioned are incorporated in the Republic of South Africa)

MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31ST MARCH, 1977 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Table for RANDFONTEIN ESTATES. THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED. ISSUED CAPITAL: R16,827,106 (Divided into 5,423,553 shares of R3 each, fully paid).

Table for OTJHASE. OTJHASE MINING COMPANY (PROPRIETARY) LIMITED. ISSUED CAPITAL: R3,103,452 (Divided into 5,189,253 shares of R3 each).

Table for WESTERN AREAS. WESTERN AREAS GOLD MINING COMPANY LIMITED. ISSUED CAPITAL: R46,306,958 (Divided into 46,306,958 units of stock of R1 each).

Table for ELSBURG. ELSBURG GOLD MINING COMPANY LIMITED. ISSUED CAPITAL: R20,265,000 (Divided into 30,265,000 units of stock of R3 each).

مركزنا لاصول

Executive job prospects improve

BY NICHOLAS LESKE  
PROSPECTS for executive recruitment have improved considerably, according to the international manning selection group. The trend is not confined to particular business, but most areas of activity.  
In the latest quarterly of its MSL Index, based on advertisements in a series of national papers—the manning selection group says that the number of executive vacancies advertised in the first quarter of 1977, this followed in the final three months of the year.  
The number of vacancies in the most recent was 5,715, which was 12% above the 5,100 in the final quarter of 1976 when the index reached its lowest point in recent years.  
MSL maintains its latest movement suggests that executive demand for future years will be significant that by executive demand remains almost all the companies covered in the index, and is not the result of a fresh movement in recruitment for one group of managers.  
The highest demand was in 1976 and 6% ahead of the figure for three months of last year—total of 43 compared with a rise of 21 per cent in the fourth quarter of 1976. The index rose up on the last quarter.

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HOME NEWS

Coal Board profits lifted by price rise

BY ROY HODSON

SIR DEREK EZRA, chairman of the National Coal Board, will disclose healthy profits for most sectors of the coal industry later this week.

parts of the organisation resulted from cost cutting exercises and improved efficiency.

biggest was coal with known recoverable reserves sufficient to last Britain 300 years.

Tax office attacked by Ombudsman for 'losing' letters

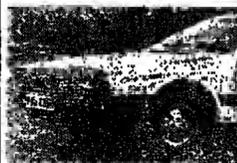
THE INLAND REVENUE was criticised yesterday by Sir Idwal Pugh, the Ombudsman, for the loss of five letters from a former company director.

Relief on life insurance was omitted, and it took the tax office 17 months to correct a tax assessment.

Retirement An MP took up the former company director's case. But because the letters were missing the Financial Secretary to the Treasury, in a reply to the MP, incorrectly stated that the complainant had failed to respond to two tax demands.

The Ombudsman said there must be a strong inference that the loss of the letters, which were in response to tax demands "was not accidental."

From Lancia at £5,927



A MID-ENGINE Lancia sports car capable of 118mph goes on sale in Britain today. It is the Beta, Monte Carlo, which uses the same mid-engine rear wheel drive layout as Lancia's Stratos.

years to-day introduces a hatchback estate car and two versions of a two-door Cherry saloon.

Three Datsuns Another three contenders from Japan have joined the small-car sales battle in Britain.

The 100A F-11 two-door model with vinyl trim and cross-ply tyres is £1,960, including all taxes; the same model, with cloth trim and radial tyres is £1,999.

Warning to mortgage brokers over licences

MORTGAGE BROKERS who persistently flout the Consumer Credit Act are in serious danger of losing their licences, Mr Gordon Borrie, Director General of Fair Trading, said yesterday.

without any mortgage facilities forthcoming, but that the client finds it difficult or impossible to get his money returned despite the existence of Section 158.

Save fuel plea to tenants

COUNCIL HOUSE tenants were urged yesterday to insulate their lofts to curb rocketing heating bills.

"Council tenants should not be put off by the fact that it is not their house—it is still their fuel bill. If they are prepared to do it themselves, they will get their money back in 12 months in reduced heating costs," said Dr. John Cunningham, Under-Secretary for Energy, in the West Midlands.

Britain 'needs sacrifices' to combat energy crisis

THE BITTER pill of an energy-saving package which President Carter wants America to swallow is just the medicine for Britain as well, says a British energy expert.

tougher conservation laws to reduce our energy consumption. "We have very similar problems to the U.S. and we should learn from the way President Carter is approaching theirs. The serious shortages are going to start to bite in the mid-1980's."

Sherman to head housing group

Financial Times Reporter SIR LOU SHERMAN is to become chairman of the Housing Corporation in succession to Lord Goodman.



Corporation is for three years from May 1 and can later be extended.

Perkins to double production of diesel engines by 1982

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PERKINS, the Peterborough-based group, plans to double its world-wide output of diesel engines to 1m. by 1982.

It now has four wholly-owned overseas plants: in the U.S., Brazil, West Germany and France, as well as 12 associates which make engines under licence.

This is to match the increase in demand which Perkins expects to grow at between 8 and 10 per cent a year.

World-wide production of Perkins engines has therefore grown from 386,000 in 1973 to 548,000 last year.

Competition Much of the new machinery to cope with the Peterborough expansion has already been installed.

Main reasons Perkins maintains that the major reasons for the overseas build-up were:

Over the next five years, Peterborough will increase the production of engines from 170,000 last year to 320,000 a year.

Perkins maintains that the major reasons for the overseas build-up were: 1—To protect overseas markets in the face of competition which intensified considerably after the oil crisis.

Scottish Liberal Party aims to end corruption

THE Scottish Liberal Party is to There they are contesting 22 of 23 seats.

At Aberdeen they are contesting 14 seats and hope to win the balance of power.

Competition An extra 1,000 people have been signed on over the past two years, taking the total employed to 9,600.

Referring to recent court trials of Labour councillors in Stirling, Mr. Brown said: "This has been an apparently end stream of councillors appearing in court and ending up in jail. We are always assured it's the last one but this has also been followed by someone else."

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PROCESSING

### Bid in U.S. market

DENCO MILLER, the Hereford-based maker of compressed air drying equipment which claims one-fifth of the world market, is moving into America to challenge its chief rival, Ingersoll Rand, in its home market.

To a fifty-fifty venture with Water Saver Systems Inc. part of Sun Heat Treatment Group, Denco is exchanging its technology for shares and establishing manufacturing facilities at Farmington, near Detroit.

The automotive industry is the biggest customer for compressors and associated driers. Denco Miller Inc. will first attack the market for big driers. Planned output is two a week, comparable with the U.K. rate, by the end of the year. Later the range will be extended downwards. But with Detroit wage rates around £16-£17 an hour it is expected that it may be worth sending initial batches from Hereford, though a firm decision has still to be taken.

Denco Miller is a pioneer in the drying of compressed air by refrigeration, as opposed to drying equipment which claims to be one-fifth of the world market, is moving into America to challenge its chief rival, Ingersoll Rand, in its home market.

More recently Denco Miller has put driers aboard Norwegian oil rigs in the North Sea. First-generation British rigs of American design were equipped with Denco's parent, William Press, also in rig construction, it is expected to start equipping second-generation British rigs. Hereford.

PETER CARTWRIGHT

## TRANSPORT

### Hydraulic starter

SELF-CONTAINED and independent, a starting system for diesel engines has been launched by Hamworthy Hydraulics, Fleet Street, Poole, Dorset BH17 7LA (02013 4333).

Stored energy in an oil accumulator is used to drive an hydraulic motor. When the starter valve is operated, a small quantity of oil is used to provide an initial slow engagement of the starter motor pinion with the engine flywheel, followed by full opening of the valve allowing maximum flow from the accumulator to the hydraulic motor. This provides shock-free starting.

Oil flows to a reservoir, and is then pumped back to the accumulator either by a manual or mechanical re-charge pump. The maker says the system will retain its energy for an indefinite period, providing full power for engine starting, even after long periods of shutdown.

Called Startorque, the equipment is available for starting engines in the 20 to 2,000 hp range. The system will be shown for the first time at the Mechanical Handling Exhibition (NEC, Birmingham, May 18-21). The maker is owned equally by the Powell Duffryn Group and the General Signal Corp., U.S.

## INSTRUMENTS

### Gives exact sound level

PUT on the market in the U.K. by GenRad is the 1982 precision sound level meter and analyser—a significant instrument in that it can also perform octave band analysis, peak and impulse noise measurement without the need for plug-in filter sets or other add-on accessories.

Both digital and analogue displays are incorporated: the former can be operated so that it tracks the fluctuating noise levels, or it can be set to hold the level of a specific event or the maximum measured level while the analogue meter continues to track ambient levels.

Applications will arise in noise and vibration measurement to industry, product noise reduction, product quality control, bearing conservation programmes, audiometer calibration and other acoustic measurements.

The instrument complies with the U.K. requirements for precision sound level meter (BS4197) as well as IEC R 178 for precision and impulse sound level meters. It covers the range 30 to 140 dB in four 50 dB steps and ten octave band filters from 31.5 Hz to 16 kHz. More from Bourne End, Bucks (06285 26611).

**ALLIED BREWERIES. J C BAMFORD. BNFL. BP. BRITISH LEYLAND. BTR. DOWTY. ROLLS-ROYCE MOTORS. DUNLOP. DUPL. FORD. GIRLING. PERKINS. WHITBREAD. ICI. ROVER. INTERNATIONAL HARVESTER. UNILEVER. H J HEINZ. LANSING BAGNALL. GKN. LONDON TRANSPORT. REMPLOY. METRO-CAMMELL. COVENTRY CLIMAX. HAWKER SIDDELEY. JAGUAR. HOTPOINT.**

## We're known by many names. Including these.

Considering the fun that people have had with our name over the years, Ankies & Fetlock, Tickers & Coughdrop, that kind of thing, it's a wonder that major manufacturers take us seriously.

But they do. As witness the illustrious names above.

In fact we're well known by virtually every famous name in the land—and by many, many others.

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Depend on us.

We never forget we have your name to live up to.



This machine (shown here undergoing pre-delivery trials) applies pressure-sensitive labels to shoe insoles at about 3,000 pairs an hour. It has been supplied to the British Bata Shoe Company at East Tibbury, Essex, and was designed by Whitehall Machinery, of Chalks Road, Whitehall, Bristol BS5 5ER. Intended primarily as a semi-automatic unit, the machine can be adapted for fully automatic operation, when a speed capability of about 100 labels a minute is possible.

## DATA PROCESSING

### IBM puts muscle on its mini

ANNOUNCED last November, IBM's general purpose machine for users needing to distribute their computing, or to have a series of stand-alone data processing units, which it called Series/1, is being given many more capabilities.

Importantly, a real time operating system is being provided together with ability to handle the Fortran and PL/I languages.

Equipment announcements include new lower-cost memory cards of 32,768 bytes available in four processor models, a line printer with speeds up to 414 lines a minute and a display station that can be altered to suit a customer's needs.

In the software announced is a mathematical and functional sub-routine library intended to help users in application programming work.

The higher capacity memory cards mean that fewer card slots need be used for storage, leaving room for more input/output attachment cards. Prices vary according to processor type, of which there are now five. Avail-

ability in the U.S. will be in September.

The faster printer—the slower one does 155 lines a minute—is an impact model which is free-standing and produces six or eight lines per inch at up to 132 print positions per line.

With a movable keyboard the table-top display provides 31 lines of 80 characters and both keyboard and display characters are user-definable with up to 256 different keyboard codes.

More from IBM on 01-335 9900.

### Sees faults faster

ADDITIONAL software for quickly finding faults in hybrid and analogue circuits has been introduced by Membrain for use on its MB 2460 tester.

Using the Analyst programme the analogue portions of the circuit are divided into functional blocks by the programmer who then writes a nodal list for

that particular board so that the test system knows the interconnections between the functional blocks and the measurements to be made at each node. He takes a known good board to the tester which will then instruct the operator to probe the nodes and will learn the analogue signals at those points—they might be voltages, frequency or other quantities that can be measured by a DVM and counter instrument.

For each board subsequently tested the equipment automatically applies the test programme: if a board fails the operator is instructed to probe back along the sensitised paths in order to isolate the functional block that is defective. Depending on how much detail has been written into the test programme the functional block can be isolated or probing can yield the precise component failure.

Boards are tested in their functioning mode and are fully powered at all stages of testing, with re-running of the test programme at each probing instruction. The Analyst programme can therefore find many kinds of faults that would not be revealed using a simple technique of measuring the impedance to ground from any node.

Membrain claims that in production applications the software will fault-find an analogue board of standard complexity "many times" faster than earlier techniques. More from the company at 23 Cobham Road, Fern Down Industrial Estate, Wimborne, Dorset (0202 583355).

## AUTOMATION

### Electronic room key

WHAT appears to be the last word in hotel room security systems has been introduced into Britain by Warsaw Safety and Security from the U.S. where it is made by TRS, Inc.

There are no punched or magnetic cards to be inserted in room locks, the whole system being centred around key pads installed on the wall outside rooms and in reception. Solenoid locks are used on the doors and all the components are wired with simple cable.

There are two small consoles at the reception desk, one for the desk clerk and one for the customer. Having been told his room number the customer can then key in (unobserved) any code number at random and his display will show if it is available.

At the same time the clerk keys a button in on his "room" pad—he can also key the code on his "code" pad as well if the customer is willing.

On arriving at his room the guest then simply keys the code on the pad outside, the solenoid operates and he enters.

For specific room servicing by the staff other codes can be temporarily allocated to rooms and cancelled at the desk console when the task is complete.

In the same way a guest can be locked out by the manager simply by keying the room number and depressing a button; and members of the staff could be similarly prevented from entering a room even though they have been given a separate access code.

In the event of a customer forgetting his code number—it is not advised he should write it down anywhere—then he simply goes downstairs and keys in another.

Called Digkey, the system is run by a microcomputer and can operate up to 10,000 rooms. In the event of an emergency a master code is keyed in by the manager and all the doors are immediately unlocked. There is a built-in backup power supply which will keep the equipment running in the event of a power failure.

Digkey can be purchased outright or leased, the cost amounting to about £35 per room per day for 100 rooms and above over five years. More from 1 Westgate Street, London E8 3ER (01-988 6321).

## COMMUNICATIONS

### Light beam carrier

INSTALLATION OF the first high capacity optical fibre telephone link running over 9 kms between Hitchin and Stevenage in Post Office ducts, is now about half completed. Operational trials will start in the late summer.

The 140 Megabit system is able to carry 2,000 phone conversations and uses the STC between Hitchin and Stevenage 7 mm cable, containing two active fibres and a spare, four copper administrative wires and a central steel strength member. There will be two repeaters on the route at 3 km spacing, each equipped with two regenerators for the two transmission directions.

At the wave length provided here the six lasers used, fibre loss of the speech signal will be low. Similar lasers have completed

18,000 hours at 5TL with only a few per cent degradation in performance.

If the trials are successful—and they will cost ITT about £3.5m—the system might carry public traffic in about one year's time.

But the project is essentially a private venture. There is general involvement by ITT companies in Belgium, Italy and the U.S. and to date the total spent is some £2m. It is clearly an area in which ITT is seeking a world lead, perhaps regardless of any involvement by specific PTAs.

There are already plans to double glass fibre production at Harlow, in anticipation of Post Office decisions to install more glass fibre links for telephone, telex and other traffic.

## RESEARCH

### Saw life extended

THE ADDITION of a thin coating of a titanium-based product to diamond abrasives can considerably increase tool life, particularly that of blades used in the sawing of stone, concrete and refractories, De Beers Industrial Diamond Division has discovered.

The research laboratory has exhaustively examined the effects of the coating on materials such as the SDA and EMB products it promotes and it has found that when diamond particles are thus treated and then used with iron or cobalt bonds, they acquire better resistance to surface graphitization than do uncoated grits. This is worthwhile both

to the tool maker and to the end-user.

Even when graphitization is no problem, as in bronze matrices, treated grit offers advantages in particle retention in the bond.

Patents have been taken out on the new coating and further research and development is in progress to judge the full extent of its properties. There will be extended field tests by tool makers.

A series of titanium products is available in test quantities in sizes down to 60 mesh.

Further from Industrial Diamond Information Bureau, Charters, Sunninghill, Ascot, Berks SL5 9PX, 0990 33456.

## RADIO & TV

### Cassette video extended

THE TWO main rivals in the videocassette market—Philips and Sony—have independently announced plans to introduce extended play modes of their current equipment, effectively doubling the playing time.

Philips intend to introduce a new VCR machine in U.K. by September or October with a playing time of 120 minutes using a standard one hour cassette.

The new Philips machine, the NV1700, will use standard Philips-type videocassettes and allegedly will achieve comparable quality by utilizing narrower head gaps—with recording heads cut by lasers in manufacture.

Price of the new machine may be slightly higher than the current NV1600, namely about £700 compared to £580. It seems inevitable that this new long

play machine, which is not of course compatible with current VCR's, will ultimately replace the existing Philips range where maximum playing time is one hour. Philips claim that sales of videocassette machines in U.K. are ahead of supply and that a surprisingly high 70 per cent are going to the domestic market.

In the U.S. Sony are also due to unveil an extended-play version of their U-Matic videocassette recorder with a two-hour playing time to replace the present maximum of 60 minutes. The videocassette equipment battle is hotting up with other news of marketing plans for the BASF 1 inch longitudinal video recorder—a totally different system from that of Philips and Sony.

JOHN CHITCOCK

## LIGHTING

### Light from chemicals

NO ONE need be "kept in the dark" when it comes to power failures, dead batteries or the lack of some form of emergency lighting. A device called the "Lightstick" is available on the U.K. market and can provide up to 10 hours of light—without the need of batteries, fuses, sparks or heat.

Instead the light is generated by chemical reaction between two liquids sealed inside a plastic tube. Quickly and simply activated by bending, the five inch long Lightstick will illuminate an average room and give sufficient light for reading, telephoning or making repairs.

Since it generates light without heat or flame, a Lightstick is suitable for use in potentially dangerous situations: where petrol or gas is concerned. In the U.S. some firefighters pin Lightsticks to their uniforms or cut open the plastic tube and pour the liquid light over their hats so they can see in the dark or in smoke-filled rooms.

Initially supplies of Lightsticks will be available only direct from the sole U.K. distributor, The Security, Dolphin Road, North, Sarnbury-on-Avon, M34 6JG. But by the autumn, they will be in the shops priced at £1.95 for a pack of three. Each Lightstick is wrapped in a foil envelope which, when undamaged, ensures a shelf-life of at least four years.

## MATERIALS

### Antistatic adhesive

FOR BONDING rigid PVC piping and mouldings where it is essential that there is no build-up of static electricity, Degussa has developed Agomet MEL, a metal-containing adhesive which has a surface resistance of less than 10 ohm.cm.

The maker says that the adhesive, now available in sample quantities, can also be used for the antistatic bonding of floor coverings and for special bonding applications in electronic circuitry.

Working with the adhesive is said to be simple—after adding 3 per cent hardener, the "open" time is about 40 minutes. Final strength is achieved after about 24 hours.

Details from Degussa, Postfach 2644, D 6900 Frankfurt am Main 1, West Germany.

Developed FOR use in the vacuum filtration of mineral slurries, coal washing and the consolidation of all inorganic sludges, Decafil PF10 is non-toxic and is said to produce an increase in filter throughput and decrease in cake moisture, without filter binding.

Varying with the type of sludge to be treated and the concentration of solids, dosage requirements vary between 5 and 50 ppm. A high molecular weight amine powder, the material made up as a solution, should be added at a point of local turbulence near to where de-watering and filtration is carried out.

This material is made by Fenspur, Alfreton Industrial Estate, Somercotes, Derby DE55 4LR (077384 4325). The company, a member of the Fosco-Minsep Group, has also launched an anti-foaming agent, Calit Kortofom 250. It contains no silicones and is efficient in both acidic and neutral media. Dosage range is between 0.1 and 50 ppm. As it is toxic to bacteria, it should be applied after any organic digestion system.

## Flying controls by DOWTY

Cheltenham, England

## POLLUTION

### Fork truck for rough terrain

LATEST IN the range of rough terrain fork lift trucks from Bonser Engineering has applications in the building and construction industry, mining and forestry, and in agriculture where a high lifting capacity is required.

It has a lift capacity of 7700 lbs, and incorporates a side shifting mast. The maker claims this is the first truck of its type to include side shift without capacity derating.

Another new development is a heavy duty steer axle, capable of withstanding considerable shock loads. Specially designed for rough terrain work, it gives an improved turning radius and can be fitted with wide high flotation tyres. The truck is powered by a three-cylinder 3249 cc diesel engine.

Details from Bonser Engineering, Giltbrook, Nottingham NG16 2GX (060743 3821).

## Purifies water

A RANGE of deep-bed filters for cleaning water for industrial or human consumption has been developed by Aqueous Systems, Estover Road, Plymouth PL7 7PE, 0782 779763.

Filters are available that will remove dirt particles, dissolved iron, excess chlorine, bacteria, sulphide, and will correct pH level. These filters remove unpleasant tastes, odours and colours.

## Effluent control

DEVELOPED FOR use in the vacuum filtration of mineral slurries, coal washing and the consolidation of all inorganic sludges, Decafil PF10 is non-toxic and is said to produce an increase in filter throughput and decrease in cake moisture, without filter binding.

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## HOW MUCH CAN HARVEY TRIM OFF YOUR FORK LIFT BILL?



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Flying control DOWTY Cheltenham, Gloucestershire POLLUTION Fork truck for rough terrain Purities Effluent control

Entertainment Guide

OPERA & BALLET THEATRES CINEMAS ART GALLERIES CLUBS COMPANY NOTICES

HOME NEWS

Law Society opposes legal commission

THE LAW SOCIETY has told the Royal Commission on Legal Services that it is opposed to the creation of a Legal Services Commission.

T. Harrington joins Leeds Permanent

Mr. Thomas Harrington, chairman of Hickson and Welch (Holdings), has been appointed a director of the Leeds Permanent Building Society.

LEEDS & HOLBECK BUILDING SOCIETY

The Annual General Meeting of the Society was held on the 19th April, and the following are extracts from the speech made by the President, Mr. G. H. P. Nelson, A.C.I.S., F.E.S.

Once again I am happy to preside over our Annual Meeting and to present to you the Directors' Report and Statement of Accounts for the year ended 31st December, 1976, the one hundred and second in the Society's history.

Looking back over the last twenty years or so there can have been few occasions when chairmen of societies were able to report anything other than years of fluctuating fortunes.

It is, of course, highly desirable that building societies do their utmost to accommodate as many would-be house buyers as possible as the demand for mortgages continues unabated and the cut-back in local authority lending has also placed an additional burden on building societies.

Our records of the early months of 1976 showed that funds were being received by building societies at a very high rate in 1976, in spite of the fact that the Reserve Fund was reduced to 7.3% with a mortgage rate of 12.25%.

APPOINTMENTS

ANALYST Conversant with international stockmarkets, particularly U.S. and Japan required to join small active team with leading international stockbrokers.

APPOINTMENTS WANTED Economic Writer/Editor/Analyst Seasoned, Geneva-based economic editor, U.S. national with contacts and background in Europe and the Middle East.

COMPANY NOTICES

UNILEVER N.V. ANNUAL GENERAL MEETING OF SHAREHOLDERS On Wednesday, May 11, 1977 at 10.30 a.m. in the Board Room at Burenstraat 2, Jacobusplein 7, Rotterdam.

UNILEVER N.V. CERTIFICATES FOR ORDINARY SUB-SHARES OF FL 12 ISSUED BY ADMINISTRATIVE EN

U.S. \$40,000,000 ELECTRICITY SUPPLY COMMISSION (ESCOM) PRIVATELY PLACED DUE 1979/1990

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED 3.5% (FORMERLY 3%) GRASS CURRULATED PREFERENCE SHARES OF £2 EACH

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED "A" AND "B" ORDINARY SHARES NOTICE IS HEREBY GIVEN that the Directors have recommended a Final Dividend of 4.01% without any deduction.

EDUCATIONAL LANGUAGES FROM EXPERTS. Evening classes in French, German, Italian and Spanish beginning 25th April. Please contact: The International Language Centre, 01-662 0401.

LEGAL NOTICES NOTICE TO CREDITORS In the Matter of GOLLIN HOLDINGS LTD. The New South Wales Companies Act, 1968 (as amended).

# PARLIAMENT and POLITICS

## Owen rejects Stand Down challenge to Smith

BY IVOR OWEN, PARLIAMENTARY STAFF

A CHALLENGE to Mr. Ian Smith to demonstrate his good faith in accepting the principle of majority rule by indicating his willingness to stand down in favour of a caretaker government pending a clear fringe general election on the widest possible franchise was thrown out by Dr. David Owen, Foreign and Commonwealth Secretary, in the Commons yesterday.

Reporting to MPs on the outcome of his eight-day tour of Southern Africa, the Foreign Secretary—widely praised on all sides of the House—emphasised the vital need to rebuild trust between the races in Rhodesia.

While making it clear that a black Government must be the inevitable consequence of majority rule, he envisaged the possibility of arrangements being devised which would allow some white politicians to hold ministerial office.

Dr. Owen carefully avoided giving an absolute end-unqualified commitment to the immediate introduction of a one-man one-vote electoral system in Rhodesia.

But he assured Labour MPs that this concept, which he had always regarded as the basis for the widest possible franchise, would be discussed at a new constitutional conference co-sponsored by Britain and the U.S.

He described how he discussed the possibility of staging such a conference, charged with the task of devising a clear franchise for achieving majority rule in Rhodesia in 1978, during his Africa visit.



Dr. David Owen

Dr. Owen said the reactions to the strategy he had outlined had been sufficiently encouraging for him to feel it right, in close consultation and co-operation with the U.S. Government, to continue discussions with the various parties.

He hoped to be in a position soon to announce whether the British and U.S. Government felt it would be worthwhile to co-sponsor a conference.

Underlining the urgent need to end the war in Rhodesia, the Foreign Secretary told the House: "Genuine concern about the dangers of continued confrontation was clearly expressed to me by the five front line presidents by Mr. Pakenham and by the Rhodesian leaders, black and white."

would be possible, sanctions would continue, and so would the war, but I suspect at an increased tempo.

"If there was agreement, Mr. Smith's Administration would resign, the caretaker Government would supervise the elections and anyone participating in the election would have to forsake violence. Sanctions should also be lifted."

The Foreign Secretary spoke of his conviction that many of the Africans who believe that the armed struggle is the only way forward are essentially men of peace.

It was not difficult to understand the motives of those who felt that they had no recourse but to arms.

"Much as we all wish violence to stop, we cannot immediately expect it to stop while the wall of scepticism and disbelief (which I met all over Africa) remains about the intentions of the Smith Administration."

"Until those who carry arms are convinced that they will have majority rule, I regret that it looks inevitable that violence will continue."

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"I found a widespread belief in the necessity for a non-racial majority government. There is, however, a desperate lack of trust which must be rebuilt."

First to praise Dr. Owen on the success of his mission was Mr. John Davies, Conservative Shadow Foreign Secretary, although he reserved the Opposition's position on the possible further constitutional conference jointly sponsored by Britain and the U.S.

"We shall need to know much more about its terms before we could reach a real judgment on its purpose," he said.

During other questions, Mr. Davies called for clarification of the Foreign Secretary's remarks about consulting the people of Rhodesia as a whole.

He suggested that the time had now arrived to establish a permanent British mission in Salisbury, and pressed for a more specific condemnation of violence in Rhodesia.

Dr. Owen answered that an integral part of the process of consulting the people of Rhodesia as a whole was that there should, effectively, be a general election. An election based on the broadest possible franchise.

He was completely "open minded" on the establishment of a British mission in Salisbury. If there were to be a new constitutional conference, intensive preliminary consultations would be necessary in Rhodesia.

"I never spoke to anyone who was advocating armed force without making it personally quite clear that we condemned violence."

But while the Government believed in a peaceful transition to majority rule, this did not exclude one from understanding why people not offered any political outlet or any hope of peaceful transition had taken to violence.

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Some of the basic provisions of the Finance Bill, published yesterday, are analysed here.

## Overseas earnings

The basic proposal is that relief from tax should no longer be dependent upon the existence of a separate employment contract.

The requirement that all the duties of the overseas employment should be performed abroad meant that those performed within the U.K. (earlier, concurrently or later).

Separation of contracts was not a new concept introduced by the 1974 legislation. It was already in force in the earlier remittance-based tax legislation.

Dating from an era before multi-national companies, when overseas transactions were handled by correspondence, it had created such a degree of artificiality that the legislation's purpose was frequently frustrated.

Employees working abroad for a continuous period of 365 days will still be exempt from UK tax on earnings. The removal of the need for a separate contract for those duties is a simplification which does not affect their liability.

It is the individual with concurrent U.K. and overseas duties, but spending 30 days or more abroad in any fiscal year, who benefits most. Not only is his contractual position vastly simplified, but anomalies are removed.

His employment becomes one, and one based in the U.K. Reimbursement by his employer of travel expenses when he is engaged abroad and of accommodation and subsistence costs while he is there, no longer give rise to liability on a "benefit" basis.

While he had separate contracts the Revenue argued that the expenses could not be related to either employment, and that therefore tax liability resulted from their reimbursement.

Even if the employee still continues to have separate contracts, the Revenue will no longer take this line in dealing with reimbursements of expenses.

Earnings will normally be apportioned between U.K. duties and overseas duties on the basis of time spent here and abroad, but there is provision to vary this automatically to solve a problem which has always exercised the Inland Revenue: how to ensure that the earnings of the separate overseas employment were not inflated at the expense of U.K. earnings.

An anti-avoidance section was incorporated in the 1974 legislation to deal with this possibility, but its operation had been called for disproportionately work by the Inland Revenue.

The present proposals are, however, most welcome in that, by removing the need for separate contracts, they make available the benefit of tax saving on overseas earnings to a considerably wider class of individuals.

The difficulty of creating overseas contracts were sufficiently great that many employees failed to benefit from what was always meant to be a tax incentive for those "at the share end of exporting."

The Finance Bill indicates that the Board will only grant such approval where the overseas reconstruction or amalgamation is being carried out for bona fide commercial reasons and not as part of a scheme of which the main purpose, or one of the main purposes, is avoidance of liability to tax.

There are provisions for clearance in advance of proposed bids and reorganisations, and based on experience of other sections in the tax legislation which provide the possibility of such advance clearance, it is safe to say that few companies will be willing to put shareholders at risk by failing to apply for Revenue approval.

The proposed changes in the legislation become effective for the issues of shares after April 19, whether or not the bid had been made, or the reorganisation commenced, prior to that date.

If an arrangement fails to obtain approval, the capital gains tax liability attaches to the holder of the original shares, with reference to the value at the date of exchange compared with its original cost of acquisition.

If it fails to meet this liability, the Revenue can pursue subsequent owners of the (replaced or replacement) shares for the unpaid tax.

The provisions which defer a capital gains tax charge where a shareholder receives paper for paper have never applied if the shareholder concerned is carrying on a trade of dealing in securities.

Such exchanges have therefore given rise to a corporation tax liability.

This anomaly is now to be corrected by providing a deferred corporation tax for share dealing companies along lines similar to that operating for capital gains tax in the case of other shareholders.

Some of the basic provisions of the Finance Bill, published yesterday, are analysed here.

## Greater relief on earnings of employees abroad

The basic proposal is that relief from tax should no longer be dependent upon the existence of a separate employment contract.

The requirement that all the duties of the overseas employment should be performed abroad meant that those performed within the U.K. (earlier, concurrently or later).

Separation of contracts was not a new concept introduced by the 1974 legislation. It was already in force in the earlier remittance-based tax legislation.

Dating from an era before multi-national companies, when overseas transactions were handled by correspondence, it had created such a degree of artificiality that the legislation's purpose was frequently frustrated.

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## Capital gains

The tax has not been charged at the time a shareholder receives "paper for paper" but is to be levied when the company issues shares for those previously held in the company being taken over.

The capital gains tax charge arose only when the sold or otherwise disposed of the shares he had received. There were two branches to this relief.

It applied where there was an unconditional offer for a sufficient number of shares to give the bidding company control, and it also applied in the case of offers made generally to the shareholders, conditional upon the bidding company obtaining control, even if the offer later became unconditional without that control having been acquired.

The changes now proposed when the issue of these shares is made, so that the bidding company needs only to offer sufficient shares to take its holding to 25 rather than 50 per cent of the ordinary share capital.

There was a quite separate relief which was based on the principle of determining the capital gains tax charge where companies were split up, rather than put together in parent subsidiary relationships.

For instance if a company had two quite separate activities, it was possible to separate these activities, together with all of the relevant assets and liabilities, to be moved into another company, in consideration for that second company issuing shares direct to the original shareholders of the first company.

The shareholders would as a result own shares in two separate companies in place of one.

For any shareholder owning more than 5 per cent of the capital, both provisions for deferring the tax are now conditional on approval from the Board of Inland Revenue.

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The increase in maximum contributions to retirement annuity schemes for the self-employed will affect relatively few people.

The limit on these contributions of 15 per cent of relevant

earnings still remains, although the maximum monetary limit was raised from £1,500 per annum in 1976, and now goes up to £3,000.

It will be recalled that the Government announced in August 1976 that it was unlikely that any State Earnings Related Pension Scheme for the self-employed would be introduced.

Complete substitutes, but a complete new scheme, "SPECIAL COMMISSIONERS' DECISIONS."

The provisions of Clause 46 of the Bill will come as a total, a very welcome, surprise to those dealing with taxation. Taxpayers' appeals against assessments, or claims, are made in the first instance either to the General Commissioners or to the Special Commissioners.

The former can perhaps be compared to local magistrates' courts, the General Commissioners themselves being part-time unpaid public employees. The Special Commissioners, on the other hand, perhaps he compared to Metropolitan Magistrates.

They are full-time paid, are recognised as very considerable technical experts in tax law practice. Proceedings in front of both bodies of Commissioners have always been private. Their findings are made in the eyes of the public in the payer or the Revenue appeals from them, on a point of law, to the High Court. In this case, the Commissioners' "status case" for that Court.

The present proposals echo the Special Commissioners: with the consent of the taxpayer concerned, and without mentioning his name, to publish reports of their decisions.

These reports will form an extremely useful addition to the Case Law already published where an appeal is taken beyond the General Commissioners to the Development Land Tax.

The Finance Bill contains a clause aimed at ending objections of many institutions, notably pension funds, Development Land Tax income on a common form of property development agreement.

The best known example of this kind of arrangement is the form of the Land Tax in the Staff Superannuation Fund in Washington New Town, Durham.

Having already financed the first phase of this scheme, the agreed to also fund the second phase, which was forced to withdraw from the second stage worth about £2m.

As the Act stands, funds would be assessed for the value of the development, established by capitalising the anticipated return on the investment, which would be able to offset building costs.

The anomaly arose where form of funding known as lease-and-leaseback, common when developing land and local authorities are partnership, was used.

Under the Finance Bill, it is provided that where a lease is granted under the terms which the landlord undertakes to bear some or all of the costs, those costs shall for all purposes be treated as expenses of the improvements incurred by the landlord, so that the amendment is retrospective to the commencement of DLT.

This appears to solve the problem incurred because an agreement to lease constituted a loan, and hence the date for it to be assessed, with subsequent costs not allowable.

The Post Office fund's withdrawal from Washington New Town was not the only development project interrupted by the present conditions of DLT.

Representations had been made to the Government by the National Association of Pension Funds, the British Insurance Association, the Royal Institution of Chartered Surveyors and various MPs.

Amendments to VAT will come into operation January 1 next year, will ease the Government to implement the tax in a form which is being debated in European Parliament this week.

The changes included in Finance Bill are largely technical and do not significantly affect the structure of the operation of the tax in this country.

Among other things, they provide for the repayment of VAT to overseas traders and define goods and services VAT purposes. New rules introduced for determining place where services are provided for VAT on imported goods.

One of the objectives harmonisation is that under EEC directive, this would allow the EEC to raise money automatically by levying a 1 per cent. rate of VAT across agreed range of goods.

It would not mean that Britain would be bound to charge on the same range of goods other EEC countries, or that rates would have to be harmonised.

But it would mean that Britain would have to pay EEC a 1 per cent levy on agreed range of goods services even if VAT was being charged on them in country, as in the case of

Value added tax

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## Human rights

"Such a conference," he stated, "would draw up a constitution defining an acceptable democratic process for an automatic transfer to an independent nation."

"It would also discuss the role of an international development fund to help promote the economic rights of an independent Zimbabwe and encourage

the minority white population to stay and contribute to the country's future."

Dr. Owen explained that the constitution would need to be broadly acceptable to the black and white, who would actually live under its provisions.

As chairman of the conference, he would retain the final responsibility for bringing any

constitutional Bill to the House of Commons for approval.

Stressing that the proposals made by the British Government in January for an interim government in Rhodesia remained open, he added, "It may be that there is more likely to be agreement to a caretaker Government which would be responsible for the conduct of elections prior to the granting of independence."

Dr. Owen went on to give this account of the possible course of future developments.

"If Mr. Smith's administration did not accept the arrangements leading up to it, no immediate progress

would be possible, sanctions would continue, and so would the war, but I suspect at an increased tempo.

"If there was agreement, Mr. Smith's Administration would resign, the caretaker Government would supervise the elections and anyone participating in the election would have to forsake violence. Sanctions should also be lifted."

The Foreign Secretary spoke of his conviction that many of the Africans who believe that the armed struggle is the only way forward are essentially men of peace.

It was not difficult to understand the motives of those who felt that they had no recourse but to arms.

"Much as we all wish violence to stop, we cannot immediately expect it to stop while the wall of scepticism and disbelief (which I met all over Africa) remains about the intentions of the Smith Administration."

"Until those who carry arms are convinced that they will have majority rule, I regret that it looks inevitable that violence will continue."

Dr. Owen said the reactions to the strategy he had outlined had been sufficiently encouraging for him to feel it right, in close consultation and co-operation with the U.S. Government, to continue discussions with the various parties.

He hoped to be in a position soon to announce whether the British and U.S. Government felt it would be worthwhile to co-sponsor a conference.

Underlining the urgent need to end the war in Rhodesia, the Foreign Secretary told the House: "Genuine concern about the dangers of continued confrontation was clearly expressed to me by the five front line presidents by Mr. Pakenham and by the Rhodesian leaders, black and white."

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# The Management Page

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EDITED BY ...

ICI does not provide good careers for women. Having been told this by a study group, the company has set out to change its ways. David Churchill reports

## Where women gain little status

ICI is a man's company and women do not do well in it. That statement comes from a militant feminist group with one of the largest chemical companies in the world but from the conclusions of a study group working party which investigated the status of the company's white-collar women employees.

The findings of the working party shocked senior management. ICI's main board decided to issue a new directive reaffirming its policy that there should be no sex discrimination and outlining a code of practice for ICI managers to follow.

Even so, white-collar unions within the company remain critical. "There are still female ghettos being created, especially in the technical and clerical sections, where women have no chance of moving on," argues Roger Ward, the Association of Scientific, Technical and Managerial Staffs officer for ICI.

In some ways the status of women employees in ICI comes as a real surprise, despite the existence of such legislation as the Equal Pay and Sex Discrimination Acts. A recent survey carried out by the Equal Pay and Opportunity Campaign, a pressure group formed to promote equality in industry, found that a large proportion of major industrial companies—including British Leyland, Plessey, and Philips—had done little to side by the spirit as well as the reality of the equality laws.

The first rumblings of dissatisfaction from almost 9,000 salaried women staff at ICI there are three times as many men on the monthly payroll) came at the company's staff discussion conference in 1975. ICI consequently set up a working party covering monthly paid staff but not weekly-paid manual workers with the objective of "examining the pattern of employment of women in ICI and in other companies to consider whether we make adequate use of this national resource, and to make recommendations."

	Women	Men
Managers	234	11,710
Foreman/Works Supervisors/Assistant Foreman	16	3,785
Design Office/Engineering Staff	31	1,894
Scientific Staff	1,504	5,143
Clerks	3,243	3,243
S/H and Audio Typists and Copy Typists	2,731	2
Office Machine Operators	509	48
Telephone/Teloperator Operators	226	12
Others (including Service Staff, Work Study Staff Computer Staff and Representatives)	643	1,844
<b>TOTAL</b>	<b>8,925</b>	<b>27,780</b>

attitudes expressed were that "men were recruited for careers and women for jobs," or that managers wrongly assumed that all women would marry and have children and that there was therefore no need to train or develop them. And, perhaps most telling of all, was the comment: "Where are the senior women in ICI?"

There are only 234 women classed as managers in ICI compared with 11,710 men. This means, says the report, that there are not enough women in the higher managerial and professional grades, where senior management abilities can be developed and where those with senior management potential can be chosen. Moreover even those women who have reached this level, may have been unable to gain sufficient breadth of experience.

There is a sizeable number of women, the report adds, whose career ambitions are not realised by ICI. "There are women of all ages who feel that their 'career ambitions' have been continually overlooked and there is also widespread disappointment among women with long service who are unable to progress—particularly those in senior secretarial posts."

The majority of ICI's women employees work in the broad commercial area where academic qualifications are less important than job performance and where the supply of labour is potentially large. But it is among these women, the working party found, that feelings of unequal opportunity are strongest although it stressed the inherent difficulties of deciding whether this was due more to lack of ability or to discrimination. But, the report concludes, "women in the com-

pany are likely to believe that equal opportunity exists only when they see more women employed at managerial level."

Not surprisingly, the working party argued that ICI had so far "not made good use of the women it employs." But while its report draws some comfort from the fact that other companies and organisations also do not make full use of women employees, it acknowledges the statistical evidence that ICI's ratio of 14 per cent. women to total employees was exactly

women were still disapproved of by many communities, especially in times of high unemployment. In addition, the working party adds: "Another aspect of social attitudes was the difficulty some men have in imagining a woman as being able to entertain customers."

Finally, there was a tendency for managers to recruit in their own image or in the image of a recent incumbent of the post. This perpetuated present employment patterns which were biased against women.

These attitudes uncovered by the working party led it to conclude that any change in the status of the company's women employees could only be evolutionary. Customs and attitudes could only gradually develop to allow women who wanted to progress in the company to feel they would receive fair treatment. But it also emphasised that a major degree of responsibility for bringing about change rested with the women themselves. They had to make known their aspirations and ensure they pushed for the experience necessary to achieve promotions and career development. And it acknowledged the "significant number of women whose attitude to employment is, and will continue to be, influenced by the nature and importance of their domestic role."

### Steps taken

Despite this basic conclusion that changing the status of women was a long-term problem, the working party did suggest a number of immediate steps which the company could take this year. Two of these—a firm policy statement from the main board and the publication of a Code of Practice—have already been endorsed by ICI's directors.

Other measures included a crash programme of investigating the wishes and attitudes of its women employees for specific training courses in such areas as computing, marketing, distribution, and accounts. "It that equality of opportunity should be recognised and would speedily lead to a 50-50 mix of the sexes on the ICI and staff that some of these training divisions' Boards," it declares.



## More facilities for arbitration

BY A. H. HERMANN

STOCKHOLM RECENTLY took a major step towards becoming the third leading arbitration centre in Europe, after London's Court of Arbitration and the International Chamber of Commerce arbitration facilities in Paris. The foundation stone for this further development of the Stockholm Chambers of Commerce's already well-established services in this field is an agreement involving the U.S. and the Soviet Union. It makes available new arbitration arrangements in Stockholm for disputes arising under U.S.-Soviet trade contracts.

Such hastily drafted clauses may lead to unpleasant surprises later. But even if proper care is given to this matter, it is as a rule difficult to obtain the agreement of East European negotiators to a clause not approved beforehand by their Government. For these reasons the Stockholm arrangement is of great value as well as being a model adjustable to the needs of other countries. Its main feature is what is known as an "optional clause for use in

The agreement was concluded in January between the Stockholm Chamber of Commerce (SCC), the American Arbitration Association (AAA), and the USSR Chamber of Commerce and Industry (UCCI) and provides the contracting parties with a ready made arbitration clause. The drafting of such a clause is essential for the safety of any international contract and is particularly important in East-West trade because the State trading corporations of Communist countries rely exclusively on arbitration for the settlement of any disputes arising from their contracts.

Sweden has become an arbitration centre for settling disputes arising from trade contracts between America and the USSR

Contracts in USA-USSR Trade—1977. It provides for arbitration to take place in Sweden and authorises the SCC to appoint the presiding arbitrator from a panel jointly established by the AAA and the UCCI.

This is the first such joint panel ever established in East-West trade and consists of the first league of commercial lawyers, including for example Sir Michael Kerr, the High Court judge who deals with most appeals against arbitrators' decisions, and other such leading arbitration lawyers as Dr. Lazare Kopelmanas of Geneva, Prof. Giorgio Beroini of Bologna and Dr. Frederic Eismann of Paris.

Another major innovation in the clause is that arbitration proceedings—usually "fill well after the midnight"—when drafters of the will be conducted under the new arbitration rules adopted by law.

All these countries have arbitration centres of their own—those in Prague and East Berlin are particularly experienced in international disputes—and prefer clauses providing for arbitration on their own ground. Moreover, it is a regrettable, though apparently unavoidable weakness of most negotiators that they leave the drafting of the arbitration clause to the end of their negotiations—usually "fill well after the midnight"—when drafters of the contract are often told no more

## U.S. group seeks Soviet co-operation

CO-OPERATION in management between the AMA and the USSR Council of Ministers for Science and Technology which led to preparation of a draft agreement on mutual co-operation covering both scientific and technical fields. The AMA will consider the draft agreement for approval to November, while final agreement will take place some time later.

It appears that the closer co-operation envisaged may entail exchange programmes between the U.S. organisation and the USSR, with perhaps the AMA providing experts in certain fields for secondment to Russia.

### No evidence

Initially the working party examined ICI's personnel policies and, not surprisingly, found no outward evidence of discrimination. Any policy statement or under the terms of the company's job assessment or performance appraisal schemes. But it decided that it was the application of these schemes and policies, rather than their literal meaning, that determined whether or not discrimination actually existed.

Accordingly, the working party embarked on an extensive programme of visits to every division within the company and held meetings with four main groups of employees at each. "There was representative of the staff consultative

### BUSINESS PROBLEM

BY OUR LEGAL STAFF

#### Corporation tax on Savings bonds

I have recently taken over the trusteeship of a small local agricultural show, whose main activities are centred around a Christmas, Faststock Show, and one of whose investments consists of a holding of 91 per cent. British Savings Bonds, dividends for which are received every six months.

I have received a claim from the Local Inspector of Taxes that this income is subject to corporation tax and that an assessment will be issued accordingly.

Upon the advice of a local accountant I have claimed that such income is exempt under the Taxes Act 1970 section 361 relating to Agricultural Societies but the Inspector of Taxes has not specifically replied to this claim but merely reiterated his opinion that nevertheless the interest was still liable to corporation tax.

Can you please advise me on the exact position?

With respect, we do not share your accountant's view as to the scope of section 361. That section covers "profits or gains arising from an exhibition or show held for the purposes of the society," but one can scarcely describe the society's investment income as arising from its exhibitions or shows.

The inspector was courteous to ignore your argument, but we think that he is right and that the interest is chargeable to corporation tax at 42 per cent. (the so-called small companies rate), subject to whatever the Chancellor may say on March 29.

Section 361 is discussed in paragraphs 21-07 and 21-16 of Whiteman and Wheatcroft on Income Tax (part of the British Tax Encyclopedia) and in article D4.312 in volume D of Simon's Taxes. The inference is that the authors regard the wording of section 361 as excluding investment income.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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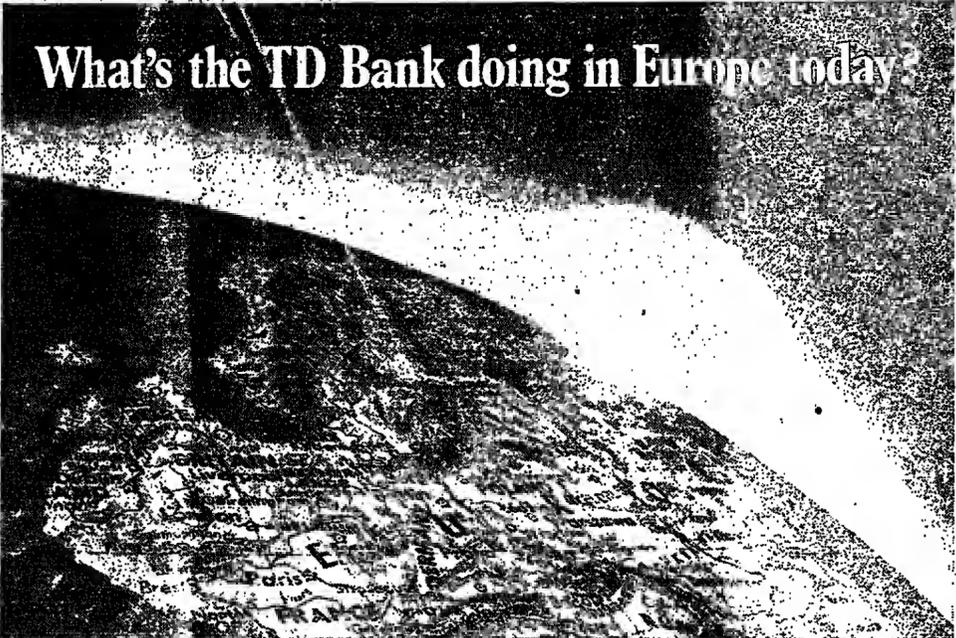
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# Mr. Carter's alternative to an 'energy catastrophe'

BY DAVID BELL in Washington

## Dr. Owen has a chance

DR. DAVID OWEN is not the first British Foreign Secretary to attempt to solve the Rhodesia problem, and he may well not be the last. There are several reasons, however, why his chances of success should not be dismissed out of hand. The first lies in Dr. Owen's own character. Few Foreign Secretaries or officials before him have gone about the mission with quite such determination. It is also a determination mixed with realism. Dr. Owen has made no extravagant claims. What he has done is to have held consultations with all the parties involved, including Mr. Neto of Angola who, although a 'Frontline President', had previously shown no interest whatsoever in talking to the British.

**Power** A second reason is that in the end the cause of White supremacy in Rhodesia cannot win. How long it can survive is another matter and a number of previous estimates have been much too short. But the time bomb under White Rhodesia is still there and it is not wholly inconceivable that Mr. Smith will recognise it before it is too late. Certainly he is being offered, and rightly offered, another chance. The alternatives to taking that chance—a declining White population, a deteriorating economy, the constant demands on resources of an escalating guerrilla war—will grow worse as time goes on. Mr. Smith and his colleagues have been faced with this outlook before, but it is going to be harder to ignore it now.

**Merit** It is also true that a great deal is still unclear. Who would attend a new conference? Would there be any point in going ahead if one or other of the Black parties declined to take part? What would be the arrangements for a caretaker government before the holding of democratic elections? Yet it is the merit of Dr. Owen's approach that not all of these need to be answered now. There is room for going on talking to all the parties separately in an attempt to establish more common ground. In that sense, Dr. Owen's task has only just begun. His time is limited, but it is better to use it in bilateral consultations rather than in full scale conference that is doomed to failure.

## Japanese imports too low

MR. EDMUND DELL'S forthright warning, delivered in Tokyo, about what is likely to happen if present trade trends continue, was timed as well as it could be. It coincided with a statement by the head of U.S. Ford that Japanese firms, in his belief, were dumping cars and that the time had come for the U.S. Government to take strong counter-action. Pressure from industry for protection against what is alleged to be subsidised Japanese competition is, if anything, stronger in the U.S. than in Europe and, if action were to be taken, it would undoubtedly be co-ordinated.

Mr. Dell's warning also coincided with the publication of the Japanese trade figures for the year to end-March—anticipation of which has been one reason for the recent strength of the yen. It was originally forecast that the visible surplus would amount to some \$4bn., not enough to take the account as a whole out of deficit. In fact, the surplus turns out to be nearly doubled at over \$11bn. and the balance of payments has swung round from a deficit of \$1.8bn. to a surplus of \$3.3bn.

**Trade surplus** The main reason for this achievement, so much more remarkable than earlier expected, is that exports rose very much faster than imports. The rise in exports was very heavily concentrated in the U.S. and EEC markets, with sales to the former up 37 per cent on the year end those to the latter up 39 per cent. What is more, the trend seems still to be continuing. The figures for March itself show that exports were 20 per cent higher than in the same month of 1976 and that the balance of payments surplus was double that for February. It is scarcely surprising that demands for protection are becoming steadily more urgent and more difficult for governments to resist.

**Manufactures** But he had a second and perhaps more constructive point to make. Complaints about Japanese competition usually centre on exporting methods and prices, and the main pressure is for import controls. It is also the fact, however, that Japan imports a relatively small proportion of manufactures—some 20 per cent of her total imports are manufactures (against something more like 50 per cent in Europe) compared with over a third for oil alone. No doubt the competitiveness of Japanese manufactures is part of the explanation for this discrepancy, but another part seems to lie in various barriers—sometimes tariff, more often non-tariff—to the growth of imports. The Japanese Government will have to make large concessions to the feelings of its trade partners soon if it wishes to avoid discrimination. A deliberate effort to encourage imports of manufactures would be the best possible concession to that demands for protection are

FOR the past three months a mere 15 people operating from a small suite of offices near the White House have been developing the most ambitious, and certainly the toughest, set of energy proposals ever to be put before the American people. Coined by Dr. James Schlesinger, the former Defence Secretary whose capacity for hard work is now a Washington legend, they have scarcely had a day off since the inauguration. To save time, they have hardly consulted any Government agencies. Key Congressmen, whose committees will soon examine the features of the plan and decide its future, still know little more about the proposals than they have read in the newspapers.

Ten days ago, when the programme was more or less finished, the President's leading economic advisers had a five-hour meeting with Mr. Carter and Dr. Schlesinger. It has since emerged that they almost pleaded with the President to delay the plan for a month to give the Administration more time properly to analyse its possible effects on the economy. But the President was unmoved, and he and Dr. Schlesinger carried the day. Thus, keeping rigidly to the deadline he set himself, Mr. Carter goes before a televised joint session of Congress to-night to outline his new policy. He will be armed with a new Central Intelligence Agency report which makes pessimistic projections of future supply of and demand for energy.

It will be one of the most important statements of his Presidency because, as he said in an unsmiling speech on Monday night, he is asking the American people to embark on the "moral equivalent of a war." In so doing, and in asking for sacrifices as he did, he is confronting head on all the powerful interest groups that successfully sidetracked earlier attempts to create a coherent energy policy. These same groups have already begun attacking this one even before it has been announced.

The President worked hard on Monday night to convince the American people that there really is an energy crisis. The latest polls suggest, however, that while most people accept that something is wrong, two-thirds of those questioned think the problem has been artificially manufactured by the oil companies, or OPEC, or both.

That was why the President took such care to emphasise that for the first time the Administration will closely monitor all the operations of the nation's oil companies and why he emphasised that his proposals will be fair and equitable to all sections of American society. Yet one speech will not dispel deep-seated suspicions, and mere repetition of the fact that America wastes more energy than Japan consumes is not by

itself going to change the life style of a nation that has got used to cheap, abundant energy supplies. There is also another more practical reason for the dismay with which many of the proposals are likely to be greeted. The U.S. is so large and has such rudimentary public transport—except for inter-city air routes—that many people have no alternative but to rely on the car to get to work, to shop or to take children to school. This is as true in the rambling ill-planned suburbs as in the rural parts of the nation.

Monday night's speech recognised this, and the President tried to make allowances for it. But he nevertheless outlined nine specific targets which he said must be met by 1985 if a possible national catastrophe were to be averted. Full details of the 'National Energy Plan' which is designed to make these

targets a reality will not be available till this evening. So much controversy has surrounded some of them that some may be modified or scrapped at the last minute.

But a variety of sources are agreed that the plan will have at least four main recommendations as designed by the President, to "reduce demand through conservation" and to establish a price structure that "should genuinely reflect the true replacement cost of energy."

The four key proposals are expected to be: ● A new Federal tax on petrol, which would automatically rise by 5 cents in every year in which total national petrol consumption rises 1 per cent. Above that in an agreed base period after 1981 this tax would rise by steeper annual increments if petrol consumption did not drop 2 per cent a year.

This proposal is the most fiercely opposed of all, and could raise the present 5 cent Federal tax on petrol by as much as 55 cents a gallon within seven years. So strong is the hostility to it that it could yet be abandoned altogether or, perhaps more likely, be used by the President as a bargaining counter. Whatever happens, the President will not back away from his determination sharply to reduce the nation's \$45bn. oil import bill.

● A new tax on large cars. To start with this would be about \$400 on the price of each car running at less than 10 miles to the gallon, but it would get progressively tougher in line with the new petrol consumption standards which lay down that the average mileage per gallon of the range of cars produced by each manufacturer must be 18 mpg next year, 20 mpg in 1980 and 27.5 mpg by 1985.

To balance this there would be a rebate of perhaps \$300 to buyers of smaller, domestically produced cars, which would start at once for cars that get more than 29 miles to the gallon. This rebate might rise to \$500 by 1985, whereas the tax on large cars could climb to as high as \$2,500 in the same period.

An important point is that, at least as originally envisaged, this rebate would not be paid to buyers of imported cars unless a manufacturer's sales in one year were lower than the year before. This has apparently been inserted to placate the United Auto workers, the union which represents the U.S. car workers.

● A new tax on domestically produced oil and a relaxation of current price controls on newly discovered oil to encourage further exploration. The tax would by stages raise the price of "old oil"—that is, U.S. oil—from its present \$5 a barrel to near the world average price of about \$14.50. This alone would add a further five cents to six cents to the

cost of a gallon of petrol and perhaps another 1 per cent to the consumer price index. Starting in 1978, the price of newly discovered oil, which would be almost free of tax according to some reports, would be allowed to climb above its present fixed price of \$11.23. It remains to be seen precisely how the price of Alaskan oil will be worked in with this scheme. Natural gas prices would also be raised and the present distinction between inter-state and intra-state prices abolished. There might also be a tax on natural gas consumption by industry.

● A new emphasis on coal, energy sources and insulation. New factories and power plants would be forbidden to use gas or oil and old ones would have to convert to coal by the late 1980s. Tax credits would ease the cost of this changeover, but gradual introduction of these

measures will have a profound effect on the American economy and the American way of life. Detailed reaction to them will have to wait until they have been formally announced, but it is possible that immediately arising issues that the all important question of timing, and the effect this could have on the economy. The President says he expects that skilled and new labour force will be needed to meet the cost of this changeover, but gradual introduction of these

measures will add only about 1 per cent to the consumer price index. But both Mr. Michael Blumenthal, the Treasury Secretary, and Mr. Charles Schultz, the chairman of the Council of Economic Advisers, have made it clear to the President that they do not share Mr. Carter's optimism. They fear his policy will have a much more profound effect than he anticipates, not just on inflation but also on industrial and consumer confidence.

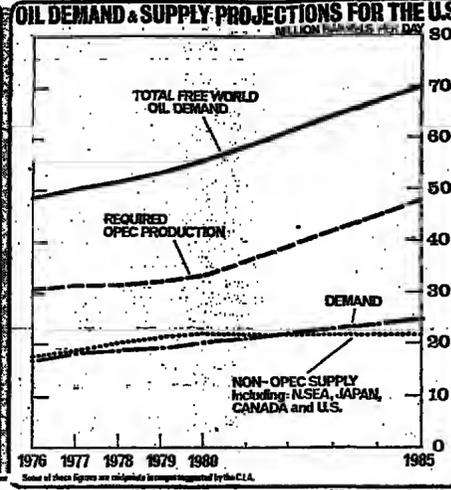
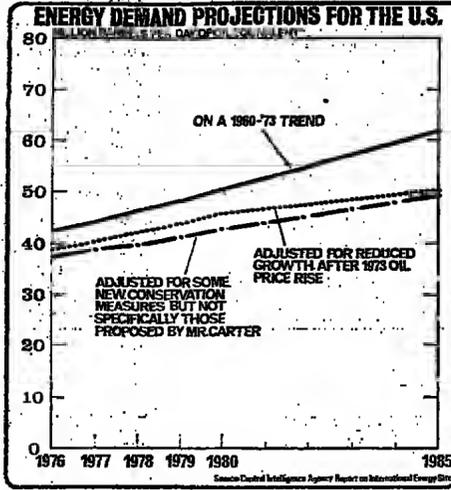
Closely connected with this in their minds is the difficulty of finding some effective way to re-channel into the economy—and directly to those most affected—almost all the \$18bn. a year that the new taxes could be taking out of it when—rather if they are ever all in operation. There is talk of rebates for lower income Americans, exemptions for key sectors like agriculture, reductions in social security taxes and rebates to homeowners hard hit by the rising cost of home

heating. However, there is little that these mechanisms have been thoroughly worked out and they are likely to be subject of much argument in Capitol Hill. In the meantime finding some way to make it so that the package shares as equitably presents a formidable challenge to Carter Administration. Equally formidable will be the power of the various groups which will surely oppose the plan. To list some of them is to give an idea of the favourable odds that face it. The car industry will bid to the mileage standards, together with the unions, that smaller cars mean fewer jobs in an industry that accounts for about one-sixth of U.S. industrial output. The oil and gas industry will want greater incentives to explore for new fuel. Agriculture will want special protection because, without it, the cost of irrigated fertilisers and food will rise steeply. Industry in general will argue that coal plant standards are too expensive and too tough.

Perhaps more important than these and a myriad of other objections at least for Congress are the effects that the plan will have on different regions of the country. The old, North Eastern states will argue that the cost of converting to coal may be final: excess that companies operating old plants are seen to close them down, and will exacerbate the growing employment problem. Meanwhile in the so-called sunbelt of the South and West where distances are great, extra costs could dramatically slow down expansion, and Congressmen, whether from North or South, will be anxious about the effect of the extra cost their constituents.

One final factor may be important in weighing the fate of the plan. Mr. Carter is a technician, a planner by inclination and an engineer by training. He is loath to get involved in horse-trading of the kind that Congress is used to and he has little time for the whims of committee chairmen or the special interests and protectionists. He has surprisingly little personal loyalty on which to depend when the package goes to Capitol Hill. So far he has eschewed the kind of personal links on which a President like Lyndon Johnson could so confidently rely in the early days of his Presidency.

The stage is therefore set for a months of debate which may end with an emasculated set of proposals that makes little sense of the energy crisis. Elsewhere, the interest groups, at the American people may decide to head Mr. Carter's sombre warning on Monday. "The most important thing about these proposals is that an alternative may be a national catastrophe."



## MEN AND MATTERS

### Dyspepsia in clubland

Another proposed city merger came unstuck yesterday. Members of the City University Club—one of three exclusive city dining clubs—voted overwhelmingly to reject the proposed merger with the Gresham Club, against the advice of the club's chairman Bill Pybus and ten of the twelve man club committee.

Pybus and the majority of the committee had come to the albeit reluctant conclusion that the City can no longer support three dining clubs, the third being the City of London Club, and felt that the best chance of survival lay in accepting the merger offer proposed by the Gresham. Both clubs have a membership of around 500 members each. The University Club was originally open exclusively to Oxbridge graduates who still predominate but both clubs appeal to a similar stratum of bankers, stockbrokers, shipping men, accountants, solicitors and other city professionals. The Gresham tends to be slightly top-heavy with accountants.

The trouble is that such clubs are victims of the trend towards company dining rooms which has shifted a considerable proportion of lunch time entertaining to often rather dreary in-house affairs. This has badly hit the finances of the private dining clubs, hence the merger proposals.

The very idea of a merger with those Gresham people, however, obviously raised strong feelings. Pybus could never recall having seen so many members gathered together in or out of the club's Cornhill premises and soon realised that the great majority were in favour of solidifying along alone. The opposition was led by city solicitor John Stix and P and O

shipping man Sandy Sterling, who calls for tighter financial controls and an increase in membership.

Pybus himself, who is convinced that only a merger will save the club, resigned together with the committee when the members' refusal to accept this became clear. Sandy Sterling, who has taken over as the new chairman, is a contemporary of Pybus at New College, Oxford, along with other distinguished but non-club member, figures as Tony Benn and Len Murray.

Pybus feels so strongly about the whole thing that he is resigning from the club and will thus forgo the delights of what he described as the club's excellent basic prep school offerings like steak and kidney pudding, toad in the hole and the occasional bread and butter pudding. If it is any compensation he says that he will at least now have more time to devote to Amalgamated Anthracite Holdings (AAH) of which he is chairman. Hardly a substitute for toad in the hole.

### Of mice and men

More curious City goings-on, this time at yesterday's annual meeting of National Westminster Bank. Sir John Prideaux was presiding as chairman for the last time, and received a rather unusual valedictory tribute from another Square Mile figure of note, Tommy Gore Browne, the senior Government broker.

Ha chose as his main recollections of Prideaux the turbulent 1974 period when the big banks were working through the Bank of England to run the secondary banking lifeboat. A trying time; Gore Browne said he always seemed to be meeting Prideaux popping in or out of the Bank and the latter's lanky frame (he is over six and a half foot) made overtaking him impractical. "I would have had to break into a gallop, hardly dignified when I was wearing a



"Perhaps the Leader of the Opposition would tell us what her little red book suggests should be done about rising prices?"

years. Yesterday came the surprise announcement that Treasury, at the age of 52, is quitting JWT and plans to head off into a completely new career.

He is also a vice-chairman of the parent company in New York, and speaking from there, he said there had been no arguments with colleagues, but his personal conviction was 25 years with one firm in one business was long enough.

Over the years JWT has gathered the respect and awe of its competitors with a management system that copes with the bureaucracy of a big company while still allowing young talent to flower, often for the ultimate benefit of rival employers.

Before advertising, Treasury had lectured on economics in Britain and the U.S. and gained a PhD at Cambridge with a thesis on the ageless theme of problems of the British export trade. He has a formidable string of interests outside JWT, including a directorship of Rowntree Mackintosh. Of immediate impact to his industry was his just-completed two-year presidency of the Institute of Practitioners in Advertising.

But what now? Treasury said he has yet to decide firmly, but has hopes of a second career that could embrace the public and private sector. Those colleagues who had thought he might be on the move reckoned a shift to the States was possible, but Treasury will stay in Britain with, he hoped, some lecturing in America.

### Treasure hunts

John Treasure, like his agency, has long played a dominant role in the advertising industry, having been chairman of J. Walter Thompson in Britain (billings in 1976 over \$41m.) for 12

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السؤال هو الاجابة

# The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with Limited Liability



Statement by the Chairman, Mr G M Sayer  
at the Annual General Meeting of The Hongkong and Shanghai Banking Corporation  
held in Hong Kong on 15th April, 1977.

The Group consolidated profit for 1976, after deduction of outside shareholders' interests in subsidiaries, was HK\$393 million representing an increase of HK\$60 million or 18 per cent over the profit for 1975.

The Accounts of the parent company, The Hongkong and Shanghai Banking Corporation, include dividends from The British Bank of the Middle East, Mercantile Bank Ltd, Hang Seng Bank Ltd, Wardley Ltd and Wayhong Investment Ltd, as well as the Banks trustee company in Hong Kong and finance companies in Hong Kong, Malaysia, Singapore and Brunei. Other subsidiaries retained their profits.

After making transfers and provisions the Bank's own profit was HK\$356 million compared with HK\$312 million for the previous year.

We propose to transfer HK\$50 million to the published reserves and after allowing for this and for the interim dividend of HK\$0.16 per share your directors recommend a final dividend of HK\$0.44 per share.

The auditors have pointed out that because of changes in our property portfolio during 1976 the previous valuation figure of HK\$300 million would in fact have been below cost. It was therefore felt appropriate to write up property to a more realistic figure which bore a closer relationship to current values. Your directors have accordingly revalued bank premises at HK\$500 million, but, having regard to the specialised nature of some of our properties, they have continued to adopt a very conservative view in this respect. The surplus arising from this revaluation has been transferred to inner reserves.

As a result of this transfer and after making allowances for changes in the net asset value of certain subsidiary companies, which are shown in the notes to the accounts, it was felt that an amount of HK\$180 million could be transferred from inner reserves to the published reserve fund.

Following this meeting you will be asked to approve a further increase in the Bank's paid-up capital by the capitalisation of some HK\$95 million from the reserve fund to allow for the issue, free of charge, of one new share for every ten shares held on 7 April. If this proposal is approved, the amount capitalised from the reserve fund will be restored by a transfer from undistributed profits. Your directors have already announced that they expect to be able to recommend dividends for 1977 totalling not less than HK\$0.60 per share on the capital as increased.

At last year's meeting I said that I thought a revival of the world's principal markets was under way. I did, however, qualify my remarks by warning against anticipating rapid results and, in retrospect, I am glad that I did because the process of recovery, if one takes the world as a whole, has been slow and patchy.

After 30 years of almost continuous growth coupled with rising living standards and expectations it was I suppose inevitable that the old order would change and that we would have to go through a period of re-assessment and re-arrangement of priorities, both social and economic. We are in such a phase at the moment, old agreements covering monetary and trading matters have been dismantled or abandoned, and in the absence of new agreements more in time with today's conditions, they have tended to be superseded by fiscal and other legislation designed to protect and preserve national interest. In this sort of atmosphere it is no easy thing to generate confidence and this has been borne out by a

low rate of new investment in plant and machinery as well as new investment in mineral and other developments.

But if we are to overcome the twin evils of inflation and under-employment no amount of planning by itself is going to provide the answer. The world's economy has to be encouraged to expand and this means providing incentives to produce and consume. The principle of allowing market forces to dictate the level of production, whether it be primary produce or manufactured goods, is not the whole solution, nor can it be sustained in an age where the maintenance of minimum living standards is rightly the bedrock of every government's policy, irrespective of doctrine.

Some degree of international understanding is therefore needed on the one hand to promote growth and on the other to reduce the consequences of sudden shortages or excesses which occur even in the best organised societies and which can have serious and long lasting effects on individual economies. The new administration in the U.S.A. to whom we look for a lead has indicated that it is aware of these shortcomings - and that it will actively sponsor international discussion with the aim of stimulating economic recovery.

Fluctuating markets, whether they be for imports of essential foodstuffs and fuel and of materials for industry or for the export of manufactured goods, have had their impact in Hong Kong. However, the timely measures taken by the Government in 1975 to ensure that the economy functioned effectively established a sound competitive base from which industry, trade and other forms of commercial activity could subsequently exploit new opportunities, as the recession eased. The effectiveness of the policy decisions taken at that time has been plain to see in economic performance in 1976.

A by-product of this success, if that be the right word, has been the strengthening of the Hong Kong dollar. Whereas those in the business of exporting have so far been able to absorb the effects, it will not be in their or anyone's interests to allow our currency to appreciate too much and certainly not too quickly.

We have continued to open new branches reflecting a great adherence to the banking habit by the people of Hong Kong. We now have 144 branches operating in the urban areas and the New Territories which offer a wide and ever increasing range of services.

In much the same way the Hang Seng Bank Ltd, whose business is entirely in Hong Kong, have expanded in the prevailing conditions and published excellent results for which Mr S H Ho, the Honourable Q W Lee and all members of their staff are to be congratulated.

The Middle East is an area which is in the forefront of people's minds, covering as it does countries which now have some of the highest levels of per capita income. Much of the world's accumulated monetary resources are moving into the hands of oil producing states. To manage and to co-ordinate the orderly spending of this wealth which is a comparatively new phenomenon for those charged with this responsibility will undoubtedly be a difficult task. Understanding and agreement between oil producer and consumer is an essential ingredient. There has been some progress in this regard and if this can be maintained it will strongly influence the pace of economic recovery.

In the Lebanon a cease fire has been arranged. The damage to property and loss of life has been appalling and The British Bank

of the Middle East's operations in that country have suffered in common with others. It has been necessary for them to make provisions for outstandings considered to be suspect and as a consequence the published profit after tax of that bank for 1976 at £4,462,000 was slightly less than the previous year, but sufficient to allow the same dividend of £3,500,000 to be maintained. Operating profit was nonetheless a record, reflecting buoyant conditions elsewhere in the region. During the year the paid-up capital was again increased, to £20 million, and the reserve fund increased to a similar figure, thereby raising total published shareholders' funds to slightly over £40 million.

The results of branches, subsidiaries and associated companies elsewhere have varied considerably and were largely conditioned by circumstances existing in the territories in which they are situated. For example in Australia, where we are heavily involved in term finance of property, the real estate market has remained very weak indeed - so much so that we were obliged to subscribe further capital to our operating companies there to allow for additional provision to be made for debts in the doubtful category and to cover running losses. We are, however, hopeful of an improved business environment in the year ahead, which in my opinion is long overdue.

I have in recent years had to report disappointing results from our subsidiary in the U.S.A., The Hongkong Bank of California. There was a significant improvement during 1976, but we are still faced with a serious problem in the form of a tax claim by the Californian Franchise Tax Board. This particular type of taxation, which in our opinion is discriminatory, is based on the Bank's world-wide profits and, if the claim is pressed, it will render it improbable that the company, as a wholly-owned subsidiary, will ever make a profit after tax. The claim is the subject of dispute and negotiation in California and we hope that some form of settlement can be reached without either recourse to litigation or the restructuring of our operation. It is not possible to predict the outcome with confidence and we must be prepared for every eventuality.

I will not attempt to comment on all your Bank's interests, which are extensive. Nevertheless I would not wish to let the occasion pass without mentioning Wardley Ltd, our merchant banking arm, which has made rapid progress since it was established five years ago. 1976 was a year of expansion in the field of wholesale financial services and it enabled them to increase their dividend by 20 per cent to HK\$24 million. Another subsidiary company which showed substantially improved results was Wayhong Investment Ltd, the holding company for the Bank's investments in transportation. Distribution by way of dividend was raised from HK\$59.9 million to HK\$73.7 million, mainly as a result of

increased dividends received from companies of the World Wide Group. It is gratifying to be able to report improved earnings from shipping at a time when the industry, particularly in the bulk cargo sector, has been going through a difficult period. It says much for the astuteness of Mr Y K Pao and his colleagues that they have been able to steer a steady and secure course through somewhat troubled waters.

In May we completed the move to our new and prestigious offices at 99 Bishopsgate, London, where we were joined by The British Bank of the Middle East and Mercantile Bank Ltd. Opportunity was at the same time taken to acquire the head lease of this property and we subsequently sold the old premises in Gracechurch Street at an attractive price, given the state of the property market. In Jakarta the branch moved into a new building and in Kuala Lumpur construction of our new Malaysian headquarters is proceeding satisfactorily.

We continue our physical expansion, with new branches being opened in Chinatown, New York, in Jersey, Channel Islands, and in Bahrain, the last being an offshore banking unit. In the course of 1977 we expect to establish branches in Gerrard Street, London, in Nassau, Bahamas, in Edinburgh, Scotland, and in Amsterdam, Holland.

There were no changes in the composition of your Board of directors. However, Mr Peter Foxon is resigning shortly following his departure for the United Kingdom and I am sure you would wish me to record our deep appreciation of his seven years service as a director. Also resigning on retirement after this meeting is Mr Eric Udal, executive director, who will be replaced by Mr John Boyer. Mr Udal joined the Bank as Group Legal Adviser 15 years ago, after an earlier career with the United Kingdom Treasury Solicitor's Department. He has given outstanding service at a time of great change in the Bank's fortunes and his presence will be greatly missed.

As you know I shall be retiring next September and will be succeeded as Chairman by Mr Michael Sandberg, to whom I extend my best wishes. Looking back to those uncertain days after the war years when I first joined the Bank I consider myself fortunate to have been able to observe and to participate in enormous changes that have taken place, generally for the better, in Asia and countries adjoining the Pacific. I have no doubt that, given a measure of political stability, the prospects for real economic growth and influence in world affairs by countries of this region are more favourable than they have ever been.

Throughout my career in the Bank and especially during my time as Chairman I have received invaluable support from all members of the staff and I am sure you will want to join me in thanking them for the service they so willingly give.

The Hongkong Bank Group	1975 £million	1976 £million
Issued Share Capital ... ..	85.2	120.0
Reserve Fund... ..	91.5	149.6
Share Premium Account ... ..	1.0	—
Undistributed Profit ... ..	16.0	16.2
Deposits ... ..	4,109.8	6,037.6
Advances ... ..	1,781.9	2,769.3
Bank Premises ... ..	53.6	132.7
Net Profit ... ..	32.7	49.5
Total Assets ... ..	5,679.9	8,334.8



# Cadbury Schweppes

## International review

**Our Report and Accounts, which has been posted to shareholders, includes a statement on trading conditions together with a review of our world operations. These are some of the highlights.**

**Adrian Cadbury**  
CHAIRMAN

### Chairman's Statement

**1976 Results**  
1976 sales at £787 million were 18% ahead of those in 1975 and the profit before tax rose from £38.6 million to £48.4 million between the two years. Pre-tax profits showed a real increase over 1975 and margins at that level were slightly improved.  
1976 was a year of rising raw material prices and of inflation in all the Group's major markets, compounded in the United Kingdom by the depreciation of sterling and the upward movement in interest rates. Against that background the level of sales and profits was encouraging, except in North America where action has been taken to ensure a recovery in 1977.

Where profit margins declined last year it was more from competition in sluggish markets than from controls over prices. We have the task of building up these margins so as to provide a positive cash flow and justify our investment intentions. To achieve this aim we will continue to concentrate the Group's efforts behind our main brands to give them the marketing backing they require.  
The recovery in world economic activity is proceeding slowly and governments in the countries where our businesses are faced with relatively high rates both of inflation and of unemployment. The overriding need under these conditions is to continue the attack on inflation. Rates of inflation must be brought down to ensure a competitive and expanding market sector, which alone can provide a lasting basis for the creation of new jobs.

**Raw Materials**  
The 1976 supply position was dominated by the sharp rise in cocoa and coffee prices. Cocoa began the year at £765 a ton and finished at £2,075 a ton, while the comparable figures for coffee were £790 a ton and £2,918 a ton. The price of original tea rose by 63% in the course of the year. These figures reflect both the escalation in commodity prices and the relative weakness of sterling. Packaging materials increased in cost by between 25% and 50% but the price of sugar fell by 10% from the high levels recorded in 1975.

**Investment**  
In my last statement, I referred to the substantially increased investment programme which we are undertaking. Expenditure on property, machinery and vehicles totalled £27.9 million in 1976, compared with £24.4 million in 1975, but the real extent of the capital programme is reflected in outstanding commitments which rose from £13.6 million to £28.5 million at the end of 1976. The bulk of both expenditure and commitments is in the United Kingdom and is concentrated on the modernisation of production facilities at existing locations.

**Cash Flow and Borrowings**  
Net borrowings during the year rose from £72 million to £107 million. The increase in borrowings due to the fall in sterling is more than compensated for by the increase in the value of assets being financed.  
The cash outflow during the year was broadly in line with that anticipated in the Group's budgets and is well within its borrowing facilities.

**Policy**  
Action was taken in 1976 to develop the Company internationally and to focus marketing attention on brand and regional priorities. The improved figures from Continental Europe show the results which such a policy can achieve if it is applied consistently. The main marketing objective in Europe has been to make better use of existing assets - the Schweppes name and product range, both of which are known and established across the continent.  
The same approach is being applied in North America, where Cadbury confectionery and Schweppes drinks have strong brand positions in important product and territorial sectors of their respective markets. To broaden their appeal, so that we have a greater share of what is still the largest and fastest growing single market in the world, investment will be required, particularly in marketing. This means taking a lower profit in the short term and using our earnings to build a stronger business for the future.

The policy therefore continues to be one of concentrating on our core businesses and not retaining operations which do not fit this pattern, so ensuring that scarce management resources are used to the best effect. The uncertainties over commodity prices, inflation and the level of consumer demand in a year of halting recovery make it impossible to give a firm forecast for the year but we are budgeting for an increase in profits in 1977.

### Review of Operations

#### UNITED KINGDOM REGION

**Confectionery**  
Cadbury assortments, Cadbury and Fry's lines, Cadbury moulded chocolate, Christmas and Easter seasonal lines, Pascall Murray sugar confectionery.  
The Confectionery Division coped extremely well with a year made difficult by an exceptionally hot summer and unprecedented cocoa bean prices and made a substantial profit

Our mixer business in the licensed trade had to cope with a further increase of duty on spirits. Improving the service given to our customers continues to be one of the Division's main objectives in 1977.

**Wines and Spirits**  
"Dubonnet", Andre Simon Wines, Cusenier, Spa Waters.  
Good progress was made against a generally depressed market and we are looking for continued growth.

**Concentrates and Essences**  
The production of essences to meet the requirements of the Group increased in 1976, both in the United Kingdom and overseas and more sales were made to outside customers.

**Tea and Foods**  
Typhoo tea and teabags, Cadbury "Bournvita", chocolate biscuits, Cocos, Drinking Chocolate, "Marvel", "Compliment", "Smesh", "Snack Soup".

**Health and Chemical Products**  
Jays Fluid and "Babysoft" paper products, "Parazone" bleach, "Sanilav", "Bloo", "Ibcol" and "3 Hands" disinfectants, "Wonderflame" fire lighters, contract packing of aerosols and the manufacture of plastic products.  
With the depressed level of demand the Health and Chemical Products Division had a difficult year. Despite this, Jays U.K. achieved better profits than in the previous year. Results of Aerosols International were poor up to the third quarter, after which there was a marked improvement. Jays Ireland maintained its market share and profitability in the face of severe competition in tissues. Middleton Plastics continued to trade profitably.

**Ireland**  
Cadbury Ireland Ltd. has continued to maintain its dominant position in the Irish confectionery market, although the company faces ever-increasing competition from the Continent.  
**Sweden**  
Cadbury Slots A.B. has again increased its sales and profits. Export sales at £1.1 million made a good contribution to the results.

**AUSTRALIAN REGION**  
Cadbury Schweppes Australia Ltd. showed healthy growth in 1976 with trading profits up from £7.8 million in 1975 to £8.9 million. The improvement came from better performance in both the confectionery and drinks operations.

22% increase over 1975. The growth of the Schweppes soft drinks business in Europe has continued and total sales in litres increased by 29% over 1975.  
Trading profits rose from £1.3 million in 1975 to £5.2 million in 1976.

**West Germany and Austria**  
The benefit from the first full year of sales of the "Slimline" range and the excellent summer weather is evident in increased sales in both value and volume terms. The addition of Chivers jams to the product range during the year has given an added boost to sales and profits.  
We have formed a new holding company, Cadbury Schweppes G.m.b.H., in Germany which will ultimately be responsible for all our interests in Central Europe.

**Belgium and France**  
Sales of Schweppes in Belgium and France increased significantly, helped by the excellent summer weather. Exports of Cadbury products to France totalled £1.6 million; sales volumes were above those of 1975.

**Italy**  
Effort is being concentrated behind the Schweppes brand. Despite the difficult economic conditions and poor summer weather, Schweppes soft drinks sales volume increased by 37%. Sales of Cadbury confectionery were also up.  
**Spain**  
Schweppes volume sales, through our franchisee, Rioblanco S.A., were up in spite of Spain's continuing economic difficulties and poor summer weather.

**Franchises**  
Sales of Schweppes and Rose's products by our franchisees in the rest of Europe were 64% ahead of 1975. The Bulgarian franchise has come up to expectations during the first full calendar year. In 1976 a new franchise agreement was entered into with a major Turkish industrial enterprise.

**WEST AFRICA**  
Cadbury Nigeria Ltd. again achieved record figures in both sales and profit terms. Cadbury Ghana Ltd., despite severe shortages of raw materials, has performed well and profits show a marked improvement on 1975.

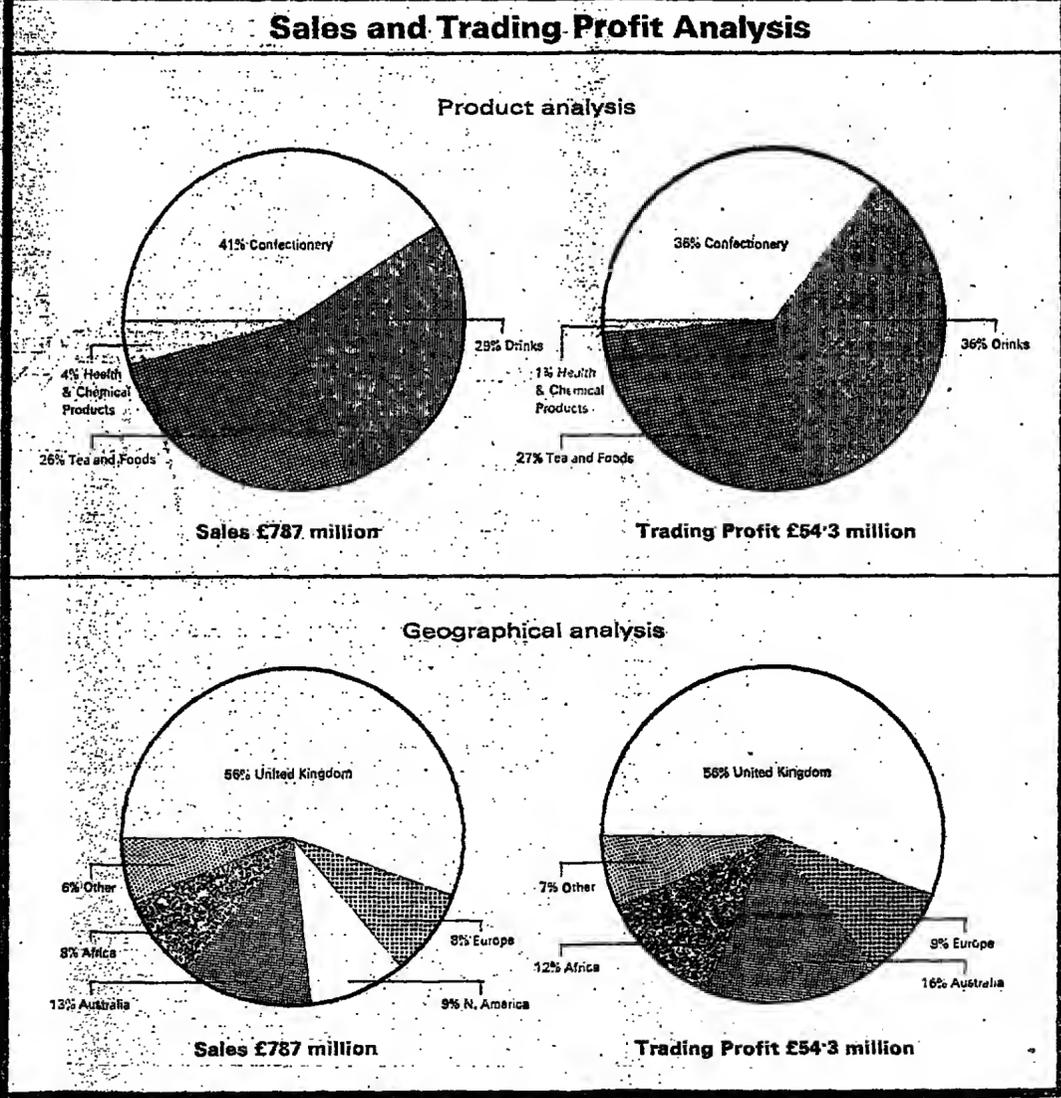
**EAST AND SOUTH AFRICA**  
Cadbury Schweppes Kenya Ltd. had a record year with the drinks operation continuing to grow against stiffening competition.  
In South Africa major structural change has resulted from a closer co-operation with the Coca-Cola bottlers whereby the South African company has taken a stake in their operations in exchange for their taking over our soft drinks business on a franchise basis. Confectionery maintains its steady progress and the policy continues of broadening the business both by product and market range.  
The Zambian drinks company has had a difficult year because of production problems brought about by raw material shortages. Plans are well under way for increasing capacity to meet the greater demand for the company's products.

**ASIA**  
Cadbury-Fry (India) Private Ltd. increased its profits in spite of being hit heavily by escalating cocoa prices.  
Our confectionery joint venture in Japan has met similar problems.  
Despite a delayed start the Malaysian confectionery company is now geared to meet an increasing demand.

**EXPORTS AND FRANCHISES**  
Total U.K. exports including shipments to our overseas companies amounted to £33.2 million in 1976 compared with £25.2 million in 1975.  
Our franchise operations outside Europe also had a successful year with profits well up on 1975.

**AMERICAN REGION**  
In North America, the management has been restructured and considerably strengthened. The company has withdrawn from unprofitable businesses and has concentrated its management and financial resources in those spheres offering the greatest potential for long-term profitable growth.  
Sales of Schweppes rose by 18% as both distribution and market share increased significantly in the United States and Canada. Cadbury, while achieving worthwhile growth in both unit and dollar sales, generated an unsatisfactory return due to the erosion of margins.

**EUROPEAN REGION**  
Sales of Cadbury Schweppes products in the continent of Europe reached £66 million, a



contribution to Cadbury Schweppes. Volume sales were up on 1975 in line with the industry as a whole and their sterling value increased considerably.  
Our share of the Assortments market has increased and the new "Bournville Selection" has been particularly well received.  
In the sugar-confectionery section of the market, the Division continued the upward sales trend reported last year and aims to exploit this success in 1977.

**Drinks**  
Schweppes minerals and soft drinks, Rose's Lime Juice, "Cresta", "Zing", "Pepsi-Cola", "7-Up", "Suncrush" and "Kia-Ora".  
In 1976 the Drinks Division achieved volume growth and its profit budget in a year of dramatic fluctuation in the market for soft drinks. Demand for soft drinks in the first six months of the year was depressed. Then the long hot summer tested to the full our ability to meet the surge in demand. The take-home trade was relatively buoyant in 1976 and we have achieved significant market share gains for Schweppes, Rose's Lime Juice and "Pepsi-Cola".

"Soya Choice", Hertley's jams, canned fruit and vegetables, Chivers' jellies and marmalades.  
Both the Tea and the Foods Division reached their profit targets and increased volume sales. 1976 was a successful year for the "Typhoo" brand which ended the year with an increased share of both the packet tea and teabag markets.  
Sales of Cadbury biscuits have been encouraging and our overall share of the fully covered market has been increased for the first time in five years.  
"Soya Choice", our textured vegetable protein product, has established itself as a grocery product of major potential.  
Catering Services has maintained both its profitability and share of key market sectors, with Typhoo in particular showing excellent sales growth.

**Kenya**  
"Kanco" coffee  
Kanco again increased volume sales and market share during a difficult year in which the cost of coffee has risen to unprecedented levels.

**New Zealand**  
Cadbury Schweppes Hudson Ltd. maintained its progress in terms of sales and profits. The drinks business is beginning to show the benefits arising from a major reorganisation which should bring further improvements in results.

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**Annual General Meeting**  
The Annual General Meeting will be held at 12 noon on Thursday, 12th May 1977 at the Grosvenor House, Park Lane, London W1.  
Copies of the Report and Accounts incorporating the full Statement by the Chairman and the Review of Operations are available from The Secretary, Cadbury Schweppes Limited, 170 Connaught Place, London W2 2EX, England.

# Cadbury Schweppes sees profit rise

THIS uncertainty over commodity prices, inflation and the level of consumer demand in the year of halving recovery make it impossible to give a firm forecast for the current year at Cadbury Schweppes but the directors are budgeting for an increase in profits, states Mr. G. A. Cadbury, chairman.

Tax and extraordinary items should be lower, it is stated. He tells members that the main marketing objective in Europe has been to make better use of existing assets and to approach it being applied to North America.

Investment will be required, particularly in marketing and this means taking lower profit in the short term and using earnings to build a stronger business for the future.

The policy therefore continues to be one of concentrating on core businesses and not retaining operations which do not fit this pattern, he adds.

The chairman goes on to say that where profit margins are defined last year it was more from competition in sluggish markets than from control over prices. The company has the task of holding up these margins to provide a positive cash flow and justify investment intentions.

To achieve this Mr. Cadbury says the company will continue to concentrate efforts behind main brands. The 1976 accounts show £28.5m (£13.6m) commitments for capital expenditure including £16.7m (£7.6m) authorised but not contracted for. Of the total £21.2m is for acquisitions of land, buildings, plant, etc. in the U.K.

As reported on April 1, pre-tax profit for the year ended January 1, 1977 rose from £38.6m to a record £46.4m, on sales 18 per cent. ahead at £787m.

Continental Europe profits rose by 800 per cent. to £3.2m, and sales by 22 per cent. to £66m. —this shows the results which can be achieved by consistently focusing marketing attention on brand and regional priorities in international development, says the chairman.

In 1976 expenditure on property, machinery and vehicles totalled £27.9m (£24.4m). Net borrowings rose from £72m to £107m. Working capital absorbed £45m, and the excess of capital expenditure over depreciation required a further £13m.

The cash outflow was broadly in line with that anticipated in group budgets and is well within its borrowing facilities states the chairman. Net liquid funds decreased by £12.2m (£19.9m increase). Meeting, Grosvenor House, W. May 18, noon.

Statement Page 23

Shareholders in Grindlays Holdings were told by Mr. N. J. Grindlays, the chairman, at yesterday's annual meeting that he saw no reason to alter his forecast of better results for 1977.

Results for the first three months, before taking exceptional items into account, were better than for the first quarter of last year, he said.

Referring to the group's reputation, Mr. Grindlays said that the group would have earned its first million in 1976 were it not for the temporary problems with glass tissue and the now solved problem of the paper company.

The principal changes in the group's financial condition were expenditure of £1.1m on new plant (mainly glass tissue) and re-decking, on the due date, or purchases of £300,000 in 1977, he added. At £1,103 (£2,480) and £10 (£131), plastics products £1,038 (£1,106) and £131 (£61), glass tissue £85 (£111) and £251 (£101).

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## BIDS AND DEALS

# CU succeeds in bid for EHIT

Commercial Union has succeeded in its bid to take over Estates House Investment Trust, the company formed out of the merger of nineteen quoted and four unquoted companies formerly associated with the late Sir Denys Lawson. The bid, which was agreed, fulfils the stated objectives of the Board of Estates House—advised by over-enthusiastic Hill Samuel—to either liquidate, underwrite (trust) or to sell to another party. The operation to tidy up the old Lawson interests began over three years ago.

For Commercial Union, the £50m, take-over is an alternative to a rights issue authorised in a House portfolio consists largely of cash or near cash, blue-chips and gilt-edged securities.

Acceptances of the recommended offers have been received in respect of 14,167,030 Ordinary shares of 25p each (94.90 per cent.); 383,226 3.36 per cent. Cumulative Preference shares of £1 each (83.81 per cent.); 54,488 4.2 per cent. Cumulative Preference shares of £1 each (88.00 per cent.); 84,160 5.04 per cent. Cumulative Preference shares of £1 each (90.23 per cent.); 351,247 3.46 per cent. Cumulative Preference shares of £1 each (92.80 per cent.) and 664,028 6.72 per cent. Cumulative Preference shares of £1 each (82.31 per cent.).

Valid acceptances of the cash offer were received in respect of 18,530,296 Ordinary shares in Commercial Union being approximately 47.7 per cent. of the total Ordinary shares in Commercial Union. The cash offer has closed in accordance with its terms.

**HAWKINS/JACKSON AND STEELE**  
The offer on behalf of John Hawkins and Sons (Holdings) to acquire the whole of the share capital of Jackson and Steele not already owned has been declared unconditional.

Acceptances were received in respect of 1,406,666 existing shares and 2,313,332 new shares allotted pursuant to the capitalisation issue. These, together with the 37,000 existing shares already owned prior to the offer and the new shares relating thereto, represent 88 per cent. of the enlarged share capital. Hawkins has not acquired or agreed to acquire any shares during the offer period other than pursuant to the offer.

**PENTLAND INDS.**  
Pentland Inquiries reports that underwritten by National Commercial Investment Company holds 308,000 (7.5 per cent.) shares and Drayton Consolidated Trust 350,000 (8.75 per cent.) shares.

**Foreign Investment Company, Drayton Commercial Investment Company holds 308,000 (7.5 per cent.) shares and Drayton Consolidated Trust 350,000 (8.75 per cent.) shares.**

**Scottish Amicable Life Assurance Society holds 900,000 (7.5 per cent.) Ordinary shares and Drayton Commercial Investment Company 900,000 (5.83 per cent.) shares.**

**Drayton Consolidated Trust, Drayton Premier Investment Trust holds 1,845,996 (5.42 per cent.) Ordinary shares.**

**Standard Chartered Bank, Mr. A. Robertson, director, has purchased 500 shares.**

**Asb Spinning Company, Chairman, Mr. J. B. Brierley has, together with his wife, a total of 10,000 shares (2.75 per cent.) also holds 6,750 (1.88 per cent.) shares. Remaining directors and families (all under 5 per cent.): Mr. A. B. Johnson, 24,500 shares; Mr. D. W. Jewell, 1,000 and Mr. C. H. High, 1,500. Mr. P. G. Meakin, a director, holds 23,886 shares and Mr. A. V. Norman, also a director, holds 4,830.**

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The offer will remain open until further notice. The resolution proposing the cash offer and effecting the necessary increase in authorised capital has been passed at an EGM.

**UNLEVER MUST SELL 20% MORE OF NIGERIAN STAKE**  
Unilever is being forced under Nigeria's indigenisation programme to sell off a further 20 per cent. of its stake in United Africa Nigeria, which represents the bulk of its operations in that country, to Nigerian interests.

At present, United Africa Nigeria is owned 40 per cent. by Unilever. The additional 20 per cent. to be sold will be worth around £12m. No compensation terms have yet been fixed though it is expected that the final price will be of the order of £17m.

The compulsory sale is the second phase of Nigeria's indigenisation programme which has seen local participation in major foreign businesses operating locally to 60 per cent. This is likely to extend to other Unilever interests in Nigeria which are small relative to the United Africa operation, are held direct.

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## MINING NEWS

# A poor March quarter for Hartebeest

BY KENNETH MARSTON, MINING EDITOR

IN THE continuing story of a mixed bag of March quarterly results from South Africa's gold mines, a halved working profit for the period is announced by the Anglo Transvaal group's Hartebeest. During the latest period the mine recorded a lower gold price than the exceptionally high \$231 per ounce obtained in the previous three months.

The reason for this price fall during the past quarter was lower than the mine's production rate. In addition, both Hartebeest and Lorraine produced less in the quarter because of a large inflow of notice labour. Both mines also suffered sharp increases in unit costs which arose from higher labour and power charges.

The quarterly working surplus of the group's antimony-producing Consolidated Murchison has fallen in line with lower shipments of 3,658 tonnes, during the quarter, compared with 4,125 tonnes to December 31 last. Totalled 23,685 tonnes. Murchison has already pointed to the likelihood of a dividend reduction this year.

Although concentrate production was lower at the group's Prieska copper-zinc mine, sales increased by 10 to 12 shipments. The mine's working profit was one in the previous three months. The group's latest quarterly operating profits are compared in the following table.

	Mar.	Dec.	Sept.
Hartebeest	8,800	8,900	8,900
Lorraine	12,750	12,750	12,750
Cons. Murchison	782	11,322	1,436
Consolidated Murchison	289	3,285	2,573
Less before State aid			

The underground fire at Western Areas has caused a fall in production and an operating loss. Satisfactory progress towards restoring full production capacity is being made, however, and a provision of £2.5m. (£1.7m.) has been made in sundry revenue for the proceeds of a loss of revenue insurance claim. Thus there is a working surplus on balance as shown below.

	Mar.	Dec.	Sept.
Western Areas	11,150	10,812	9,168
Western Areas	1,847	3,519	2,964

Pacific Copper says that the increase supports the concept of developing Cadia on a large scale. Of the relevant mining and engineering studies are underway. The company is partnered in the venture by Oremco, the Australian subsidiary of the Estel NV European steel group, which has a 50 per cent. stake.

As reported here yesterday, Hampton Gold Mining Areas is taking a stake of 10 per cent. in Pacific Copper's small profit-making operation in New South Wales. This will leave Pacific Copper with a 38.6 per cent. interest; the latter's stake will fall to 51 per cent. if Hampton exercises its option over a further 20 per cent. of the total cost of £2,250,000 (£1,616,000). Pacific Copper rose 4p to 44p yesterday.

He also commented that mining exploration for new ore bodies was declining in Canada and going elsewhere. Jorehadowing a decline in Canadian mineral production. This reflected an oppressively low mining tax rate which discourages the kind of expenditure required to find and develop new mines.

Existing side by side in this

**ROUND-UP**  
An agreement has been initiated between the Australian Government and the partners in the so far unmined Ranger uranium deposit, Peko-Walkers and EC Industries, for the latter to borrow uranium oxide from the Government in order to meet their export contracts. A similar deal has been offered by the Government to Queensland Mines, but the company recently declared force majeure on contracts for the latter to reach agreement with the Government on a quality warranty for the stockpile ore.

South Africa's SDF-owned gold mine is carrying out further

**Ulster Bank has growth problems**  
The 1976 percentage profit increase at Ulster Bank was substantially lower than the rate of inflation and consequently, in real terms, quite inadequate to meet the needs of the partners in Kinnahan, chairman, tells members in his annual statement.

The construction of the principal office in Dublin is being effected and the partners in Kinnahan, chairman, tells members in his annual statement.

As reported on March 4, 1976, pre-tax profit increased from £6.4m. to £7.2m. Progress would have been better if it had not been for the serious effect of a two-month strike of all associated banks in Eire, states the chairman.

On the outlook for 1977, he says that a spirit of optimism is becoming apparent. With inflation running at over 13 per cent. and increasing, it is not obvious why this should be, but borrowing rates have been decreasing and most industry is reporting profits.

The year 1977 was to be the year of recovery—"We hope this will prove to be so." Ulster Bank will play its part in supporting its customers.

Members: Belfast, April 14, 12.30 p.m.

**New London Props. turns in £452,000**  
Pre-tax revenue of New London Properties for the nine months ended December 1976, was £452,000, compared with £317,000 for the previous year. Tax took £268,000, leaving net revenue of £184,000, against £120,000.

Dividend: £100,000 (10.5 per cent.)

Polymark International announces that ITC Pension Trust and the ITC Pension Investments (UK) Ltd. will be sold to ITC Pension Trust for £309,000 Ordinary shares in the company.

investigations prior to taking a decision later this year on whether to resume uranium production. At the Johannesburg meeting the chairman pointed out that finance for a uranium treaty plant could possibly be obtained by forward sales deals.

The gold-producing Grootvlei announces that a deal has been done regarding the taking-over of pumping facilities on the property of South African Land and Exploration. The State will meet pumping costs while Grootvlei will cover the capital and interest charges. The arrangements should ensure maximum recovery of payable gold ore ahead of flooding of the underground workings.

**Problems at Otjijase**  
THE Johannesburg Consolidated Trust's young Otjijase copper mine in South West Africa is still suffering from a combination of production problems and low metal prices. Consequently, the financial position of the company has deteriorated. There was some improvement in output last quarter, but certain mining and metallurgical problems remained. Of the groups' and mines, Randfontein reports a further small rise in the March quarter working surplus; the effects of lower production have been offset by the receipt of an average gold price of \$131 per ounce against \$118 in the previous three months.

The underground fire at Western Areas has caused a fall in production and an operating loss. Satisfactory progress towards restoring full production capacity is being made, however, and a provision of £2.5m. (£1.7m.) has been made in sundry revenue for the proceeds of a loss of revenue insurance claim. Thus there is a working surplus on balance as shown below.

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Western Areas	11,150	10,812	9,168
Western Areas	1,847	3,519	2,964

As reported here yesterday, Hampton Gold Mining Areas is taking a stake of 10 per cent. in Pacific Copper's small profit-making operation in New South Wales. This will leave Pacific Copper with a 38.6 per cent. interest; the latter's stake will fall to 51 per cent. if Hampton exercises its option over a further 20 per cent. of the total cost of £2,250,000 (£1,616,000). Pacific Copper rose 4p to 44p yesterday.

He also commented that mining exploration for new ore bodies was declining in Canada and going elsewhere. Jorehadowing a decline in Canadian mineral production. This reflected an oppressively low mining tax rate which discourages the kind of expenditure required to find and develop new mines.

Existing side by side in this

**MINING BRIEF**  
KADUNA PROSPECTORS' group of 21 members (February 1977) will be holding a meeting on March 20. The group is planning to explore for gold in the Kaduna area. The group is planning to explore for gold in the Kaduna area.

Existing side by side in this

## Quebec's \$ copper sear

The Province of Quebec will launch a five-year \$1,200m. copper exploration programme in the north-west of the province.

The programme will be carried out in conjunction with several private mining corporations. The programme will include geological surveys, access road construction and financing for small and prospecting companies.

Announcing the programme, Mr. Yves Berube will confirm that the province's mining and prospecting programme is aimed at exploration.

According to a statement Mr. Berube's office has issued, the programme is a continuation of the province's mining and prospecting programme in exploration over a period of five years.

The statement said that the programme must now be under way by the beginning of the year in which the \$1,200m. programme is to be launched.

Existing side by side in this



## National Westminster Bank

Annual General Meeting  
The Annual General Meeting of National Westminster Bank Limited was held yesterday at Winchester House, EC2.

Sir John Prideaux, OBE (Chairman) presided. Mr C F Green (Secretary) read the report of the Auditors.

With the concurrence of the members present the report and accounts which had previously been circulated were taken as read.

The Chairman moved "That the report and accounts be received and adopted".

Mr R Leigh-Pemberton (a Deputy Chairman), seconded the motion which was approved.

The retiring Directors were re-elected. Resolutions to amend the Articles of Association and to determine the fees of the Directors were approved.

A vote of thanks to the Chairman was proposed by Mr T A Gore-Browne and was agreed to unanimously.

The Chairman added words of thanks to Mr M F Berry end Lord Plowden who retired at the Meeting.

FARMING AND RAW MATERIALS

Scots limit haddock fishing

Financial Times Reporter

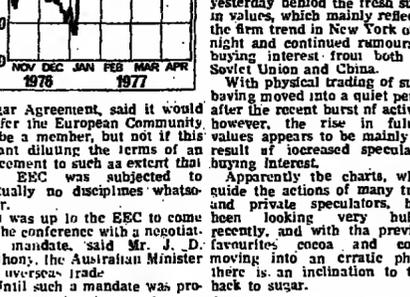
SCOTTISH FISHERMEN have in the last month expanded the... that voluntary catch limitations to conserve resources...

U.S. backs international sugar agreement

BY DAVID EGLI

THE U.S. has indicated here that it favoured an international Sugar Agreement as the cornerstone of its national sugar policy.

At the same time the U.S. believed consumers should be protected against excessively high prices through a strong system of internationally co-ordinated stocks...



SUGAR LONDON DAILY PRICE

Cocoa and coffee prices fall

By Peter Bullen

AFTER AN early sharp rise cocoa prices fell on the London terminal market yesterday.

U.K. AGRICULTURE Clouds over sugar beet and potatoes

BY DAVID RICHARDSON

AFTER A difficult start plantings of both potatoes and sugar beet are well advanced.

Essential to the success of the venture is a significant rise in the acreage grown.

Quebec's copper... The price of copper has risen sharply in recent months...

Rapid rise in U.S. futures trading

NEW YORK, April 18

FIRST QUARTER trading volume on U.S. commodity exchanges soared 37.2 per cent over last year's levels...

Talks on world wheat pact

BY OUR OWN CORRESPONDENT

OFFICIALS FROM four wheat exporting countries are due to meet in Ottawa on Thursday...

China may import more soybeans

OTAWA, April 18

China is becoming a sizeable net importer of soybeans this season.

Malay exports of rubber rise

KUALA LUMPUR, April 18

PAN-MALAYSIAN rubber exports rose to 201,336 tonnes in January from 171,369 tonnes in December...

Political

BY OUR OWN CORRESPONDENT

Yields of sugar beet seldom suffer as long as the crop is in the ground by mid-April...

Burden

CANBERRA, April 19

This would lead to large shipments from countries like Holland, which are at present restricted...

Big rise in Australian wool receipts

BY OUR OWN CORRESPONDENT

THE GROSS value of Australian wool production in 1976-77 is estimated at \$1.5 billion.

CANBERRA, April 19

The Australian Bureau of Agricultural Economics said in its forecast that the wool price would rise...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for BASE METALS, COPPER, and SOYABEAN MEAL.

PRICE CHANGES

Table showing price changes for various commodities like Wheat, Barley, and Beans.

US Markets

Table showing market prices for Soybeans and Sugar.

OVERSEAS PROPERTY

Advertisement for overseas property, featuring a picture of a house and text describing Vermont's 'Hidden Valley'.

SILVER

Table showing silver prices and market activity.

COFFEE

Table showing coffee prices and market activity.

FINANCIAL TIMES

Table showing financial data, including share prices and company performance.

COMPANY NOTICES

Company notices for Anglo American Investment Corporation and other entities.

COCOA

Table showing cocoa prices and market activity.

RUBBER

Table showing rubber prices and market activity.

JUTE

Table showing jute prices and market activity.



INTERNATIONAL FINANCIAL AND COMPANY NEWS

Self-financing by ESCOM

BY RICHARD ROUPE JOHANNESBURG, April 19.

THE South African Electricity Supply Commission (ESCOM) which faces continuing high capital expenditure and a shortage of foreign funds, is raising R250m. by three locally-issued loan stocks for which subscription opens today, closing on April 25.

Securities Rands may be used to take up the stock, and with the Securities Rand discount currently running at 40 per cent, the effective yield to the non-resident on the five-year loan is 17 per cent, which has led to some interest among overseas institutions.

Public call Of the total R250m. the call from the public end institutions is R40m., as ESCOM itself is to obtain R210m. For the past six years ESCOM has held its own stock in terms of three statutory funds—the capital development, reserve and redemption funds—which now hold a total of just under R700m. of ESCOM stock.

ESCOM has moved towards a self-financing policy by changes in its basis of raising funds. In the past its capital expenditure has been financed substantially by loans. Since 1971, however, it has been empowered to charter the life offices and pension funds to revenue each year an amount not exceeding 3 per cent of its unrepaid loans, provided that the accumulated amount does not at any time exceed 15 per cent of unrepaid loans.

Thus the R40m. now sought by ESCOM will be the first fruit of this requirement. Fund managers estimate that in spite of the Minister's policy, the discretionary income in the hands of the life offices and pension funds this year will be about R600m., less than was originally hoped for about the same as the 1976 figure. However, with declining property commitments, there seems to be some scope for slightly more institutional money to wind its way into equities during 1977.

Over on the Johannesburg Stock Exchange, the current drawing of R120m. from the fund, between R1m.-R2m. brokers will be in order to achieve increased self-sufficiency, the Commission ever is going.

First fruit Thus the R40m. now sought by ESCOM will be the first fruit of this requirement. Fund managers estimate that in spite of the Minister's policy, the discretionary income in the hands of the life offices and pension funds this year will be about R600m., less than was originally hoped for about the same as the 1976 figure.

Table with 3 columns: 1975, 1976, 1976. Rows include Earnings after tax, Earnings per stock unit, Dividends per stock unit, Stockholders' funds.



Expansion plans at Sandvik

BY WILLIAM DULLFORCE

SANDVIK the Swedish steel and hard metal products group which is planning to raise its first foreign convertible bond and seek a London stock market quotation this year, outlines its long-term development prospects in the final report for 1976.

The group will continue to concentrate the bulk of its resources on expanding the cemented carbide and other processed industrial products, such as tools, saws and steel belt conveyors, which now account for two-thirds of turnover.

The original steel business, which now provides only one-third of sales, will be kept competitive for deliveries to customers who make heavy demands on a high and stable quality.

Production capacity in all the main branches is considered to be good after a heavy investment programme which during the last few years has equalled some 10 per cent of sales. In the five-year period 1972-76, for instance, investments in plant, machinery, stock and short-term claims less long-term debt was just under Kr3bn. (\$400m.), of which about 70 per cent was financed from cash flow.

During the next few years the return on capital employed should improve (it slipped from 15.3 per cent in 1976 to 11 per cent last year) and a larger share of expenditure, some 76.6 per cent, should be covered by cash flow, including the funding of inventories and customer claims. It is stated that the group expects to raise its capital/debt ratio and to keep "satisfactorily high" liquid assets.

The final 1976 report pegs pre-tax earnings at Kr355m. (\$47.3m.), or Kr10m. higher than in the preliminary figures, on sales of Kr3.9bn. (\$520m.). The 28 per cent earnings decline is Sabanci Goodrich tyre plant, a DMT and kraft lining and fitting plant and the expansion of Akcimen cement plant by half a million tonnes to 1.5m. tonnes a year.

Some of its new projects will be completed this year. Prominent among these is a \$104m. Sabanci Goodrich tyre plant, a DMT and kraft lining and fitting plant and the expansion of Akcimen cement plant by half a million tonnes to 1.5m. tonnes a year.

Banking and insurance is one of the group's biggest fields of endeavour. Akbank, whose capital was recently raised to Turkish lira 600m. (\$34m.), made a profit of Turkish lira 353m. last year, an increase of 53 per cent over the previous year. Deposits grew by 51 per cent to Turkish lira 24bn. (\$1.4bn.).

The group controls three insurance companies which together make up the biggest group in this sector in Turkey. Akbank is directed by Mr. Erol Sabanci, at 35, the third youngest of the brothers. He studied economics at Manchester, joining Akbank when he was 24. He has been described by a British banker as "the most aggressive banker in Turkey". Under him the bank's assets grew by 468 per cent between 1970-76.

What is now the second biggest (after the Koc Group) and the fastest growing private industrial empire in Turkey. The men grew into a legend which is still enduring although he has been dead for over 10 years.

One of the many anecdotes told about this remarkable businessman is that he was once taken for a porter by a lady who ordered him to carry her suitcase. He did. Chuckling, he pocketed the tip and got into his black limousine as the lady watched him in amazement.

Mr. Sabanci left behind a bank—Akbank, the third biggest privately owned bank in Turkey—including the biggest textile (Sasa) and synthetic fibre (Sasa) plants—add six sons, whom a rival businessman called "Sabanci's greatest legacy and stock". There is hardly any exaggeration in this statement.

Garanti is Turkey's fifth largest private bank with assets amounting to the equivalent of \$425m. Koc own 51 per cent of the bank's common stock and Mr. Ziya Bengü has recently been appointed its managing director. Mr. Koc, another Koc employee, formerly with Smith Barney and Co. is the executive director in charge of international affairs.

Garanti has over 240 branches. At the beginning of this year its deposits were the equivalent of \$840m. and loans \$272.7m.

As previously reported, the Board proposes to make a bonus issue of one new B share for every seven old shares. The new B shares, carrying one-tenth the voting power of the existing shares, would be listed on the Stockholm exchange in June and would open the way for a \$35m. foreign bond issue convertible into B shares. The issue would add Kr85m. to the share capital, the surplus going to the legal reserve.

The increase in the order intake which started last year has continued during the first months of 1977, and the management expects turnover to reach Kr4.5bn. this year. The limited possibilities of taking out price increases coupled with a further increase in income of Kr50-75m., would also have been needed to compensate for the depreciation of other currencies against the Turkish Lira.

A breakdown of return on capital employed (involving the ordinary depreciation and not the cost-calculated depreciation used in assessing pre-tax earnings) shows a fall from 21.4 to 15.7 per cent in the cemented carbide division and from 11.2 to 7.6 per cent on steel. Only saws and tools showed an improvement from 7.6 to 8.8 per cent.

On the marketing side, where Sandvik also invested heavily and built up substantial market shares in most industrialised countries, efforts will be made to penetrate new growth markets in South America, South East Asia and the East bloc. The sales organisation will be expanded in the Middle East and certain areas in Africa.

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STOCKHOLM, April 19.

Honda has its best ever year in 1976

BY DOUGLAS RAMSEY

TOKYO, April 19.

HONDA MOTOR Company today confirmed reports in the Tokyo Press that it enjoyed its best ever year in 1976, even though growth in sales and profits fell far short of last year's.

Japan's number three passenger car manufacturer and the world's biggest motor-cycle maker recorded ¥15.5bn. (\$31m.) in net earnings in its financial year to last February 28, a gain of 30 per cent on the previous year. Current profits (before tax) jumped 33.1 per cent to total ¥32.9bn. in the period.

In the calendar year 1976, Honda overtook its close rival, Toyo Kogyo (makers of Mazda cars), in both domestic and overseas sales of passenger cars. For the January to December period, Honda produced 473,597 cars (up 44 per cent) to bump Toyo Kogyo (446,619 cars) from third place after Toyota and Nissan.

Sales in the company's fiscal 1976 period, as a result, rose by 18.1 per cent to ¥688bn. However, this figure (while a record) does not compete with Honda's major sales push in fiscal 1975 when the company managed to double its sales to ¥644bn. (and more than doubled its net earnings to ¥12bn.).

The breakdown of sales shows that motor cycles accounted for 30.2 per cent of turnover (39.2) while four-wheeled vehicles generated 57.6 per cent of Honda's business against 49.4 per cent. The company also sold the share of exports in total sales went up strongly to 62.9 per cent in 1976, a firm indication of how difficult the domestic market was last year.

Looking to the future of Japan's car industry, Honda officials recently told this correspondent that they expect total production of motor vehicles in Japan in 1977 to increase to 8.2m. from 7.5m. in 1976. Of the total, they anticipate no increase in the number of vehicles sold overseas (constant at around 3.7m.) and so expect high level of the firm increase in output to be sold on the home market (4.5m. instead of 4.1m. in 1976).

Jardine profit rise

BY DANIEL NELSON

HONG KONG, April 19.

JARDINE MATHESON shares closed 38 1/2 lower after the company announced a net profit after tax and minority interests for the year to December 31, 1976, of \$HK301.5m., a 13.6 per cent increase over the \$HK265.3m. achieved in 1975.

The market response was somewhat surprising, given continuing depression in the world sugar price, which was counterbalanced for the company by significantly increased earnings in the traditional trading and service activities.

Services contributed 36 per cent of net earnings compared with 22 per cent in 1975, trading and light industry 27 per cent (up from 23 per cent), property 23 per cent (12 per cent), financial services 8 per cent (down from 28 per cent) and neutral resources 6 per cent (17 per cent).

In Hong Kong, the main operating base, Jardine earned \$HK134m., 49 per cent of total profit, the same proportion as the previous year. The chairman, Mr. D. K. Newbigging, said the short-term cash position showed a surplus of \$HK187m. at the year's end after capital investment totalling \$HK654m. in 1976.

Purchases included outstanding shares of two previously publicly quoted subsidiaries, Indo-China Steam Navigation for \$HK30m. and Lombard Insurance for \$HK17m. In Australia the luxury goods distributor Willis and Sons was acquired, and in South Africa, Rennie Consolidated Holdings (a 53 per cent interest).

Mr. Newbigging said steps were being taken to improve further the ratio of debt to funds employed end over \$HK100m. had been realised from the sale of low-yielding assets since last December 31. These included the diamond trader Gregory (Singapore) and the furniture manufacturer, Henry and Co.

SABANCI GROUP

Looking for the top spot

BY METIN MUNIR IN ISTANBUL

HACI OMER SABANCI was 14 when he left his village in Central Anatolia to seek his fortune in Adana, the rich cotton growing province in the South-East of Turkey. He did not have a pleasant journey. Not only did he travel the 450 km. distance on foot but on the way the mule caravan he had attached himself to was robbed by brigands and he received a sound thrashing for being no money to be stolen.

In Adana the boy started working as a cotton head and a porter. For several years he nearly starved himself, as he later recalled, and saved 3,000 Turkish Lira (about £100 at the present exchange rate) and entered the cotton business. He quickly became rich.

In his 20 years in business Mr. Sabanci laid the foundation of what is now the second biggest (after the Koc Group) and the fastest growing private industrial empire in Turkey.

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62 per cent over the previous year. Turnover in 1976 is forecast at \$1.145bn. (About its assets, total investments and profits the group is extremely secretive.)

Some of its new projects will be completed this year. Prominent among these is a \$104m. Sabanci Goodrich tyre plant, a DMT and kraft lining and fitting plant and the expansion of Akcimen cement plant by half a million tonnes to 1.5m. tonnes a year.

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The increase in the order intake which started last year has continued during the first months of 1977, and the management expects turnover to reach Kr4.5bn. this year. The limited possibilities of taking out price increases coupled with a further increase in income of Kr50-75m., would also have been needed to compensate for the depreciation of other currencies against the Turkish Lira.

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This announcement appears as a matter of record only

Inchcape (Bermuda) Limited

(Incorporated with limited liability in the Islands of Bermuda)

US \$35,000,000

6 1/2 per cent. Convertible Guaranteed Bonds 1992

Guaranteed as to payment of principal, premium (if any) and interest by, and convertible into Ordinary Shares of,

Inchcape & Co. Limited

(Incorporated with limited liability in England)

Baring Brothers & Co., Limited

Credit Suisse White Weld Limited

- List of international banks including Alhili Bank of Kuwait, Algemeine Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Aja Finance (H.K.) Limited, Juffes Baer International Limited, Banca Commerciale Italiana, Banca del Goliardo, Banca Nazionale del Lavoro, Banco Urquijo Hispano Americano Limited, Bank Leu International Limited, The Bank of Tokyo (Holland) N.V., Bank Mees & Hoop NV, Banque Bruxelles Lambert S.A., Banque Degroof, Banque Francaise de Depots et de Trésorerie, Banque Generale de Luxembourg S.A., Banque de l'Indochine et de Suez, Banque Internationale à Luxembourg S.A., Banque Nationale de Paris, Banque de Paris et des Pays-Bas, Banque Populaire Suisse S.A. Luxembourg, Banque Privée S.A., Banque Rothschild, Baring Savers Multinational Limited, Bayerische Vereinsbank, Joh. Benzenberg, Gosler & Co., Berliner Handels- und Frankfurter Bank, Blyth Eastman Dillon & Co. International Limited, Brown, Shipley & Co. Ltd., W. L. Carr, Sons & Co., Cazenove & Co., Chartered Merchant Bankers Limited, Chase Manhattan Limited, Citicorp International Group, Clariden Bank, Compagnie Financière de Banque Monaco, County Bank Limited, Creditanstalt-Bankverein, Crédit Commercial de France, Crédit Lyonnais, Dai-ichi Kangyo Bank Nederland N.V., Deutscher Bank Aktiengesellschaft, The Development Bank of Singapore Limited, Dillon, Read Overseas Corporation, Dominion Securities Limited, Dresdner Bank Aktiengesellschaft, Drzeil Burmann & Co. Incorporated, European Banking Company Limited, Financial Group of Kuwait, First Boston (Europe) Limited, Robert Fleming & Co. Limited, Fuji Kinokuniya & Co. Limited, Glencrossan & Co. Limited, Goldmans Sachs International Corp., Hambros Bank Limited, Handelsbank N.V. (Overseas) Limited, Hill Samuel & Co. Limited, Hoare Goyett Ltd., IBI International Limited, Jardine Fleming & Company, Limited, Kidder, Peabody International Limited, Kleinwort, Benson Limited, Kleinwort, Benson (Hong Kong) Limited, Kredietbank N.V., Kredietbank S.A. Luxembourg, Kuhn, Loeb & Co. International, Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Kuwait International Investment Co. S.A.K., Kuwait Investment Company (S.A.K.), Lazard Frères & Co. Limited, Lazard Frères et Cie, Lloyds Bank International Limited, Lombard, Odier International S.A., London Multinational Bank (Underwriters) Limited, Manufacturers Hanover Limited, Meek, Phipps & Co., Merrill Lynch International & Co., B. Metzler and Sohn & Co., Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited, Morgan Stanley International, The National Bank of Kuwait S.A.K., National Commercial Bank of Jeddah, The Nikko Securities Co. (Europe) Ltd., Nippon European Bank S.A., Nomura Europe N.V., SAC Oppenheim Jr. & Cie, Orion Bank Limited, Overseas-Chinese Banking Corporation Limited, Peterbroeck, van Campenhout, Kempen S.A., Pictet International Limited, Pierson, Holding & Pierson N.V., N. M. Rothschild & Sons Limited, Salomon Brothers International Limited, Savoia Bank (Underwriters) Limited, Schroders & Chartered Limited, J. Henry Schroder Wagg & Co. Limited, Smith Barney, Harris Upham & Co. Incorporated, Société Bancarie Barclays (Suisse) S.A., Société Générale, Société Générale de Banque S.A., Strauss, Turbulla & Co., Sun Hong Kai International Limited, Swiss Bank Corporation (Overseas) Limited, Taiwo Kobe Finance Hongkong Ltd., Trikanas & Burkhart, Union Bank of Switzerland (Securities) Limited, United Overseas Bank Limited, Vereins- und Westbank Aktiengesellschaft, Vickers de Costa & Co. Hong Kong Ltd., J. Votawel & Co., S.-G. Warburg & Co. Ltd., Wardley Ltd., Westdeutsche Landesbank Girozentrale, Deutscher Winter International, Wood Gundy Limited, Yamashita International (Europe) Limited

Handwritten note in Arabic script: هذا من الاصل

Christine Moir looks at how the new accounting procedures on long-term contracts are being received in the Boardroom

# SSAP 9: much ado about nothing

THE FERCE initial antagonism to the new regulations governing profits on long-term contracts has given way in indifference on the part of the large contractors. Only small contracting companies are still worried about the effects of the new accounting standard. For them the principle of taking profits along the way on long-term contracts could be critical because profit to cashflow on the remaining sections of contracts. For the larger companies, the generous allowances in the new regulations have made the standard virtually a matter of indifference.

It all started in May, 1975, when the Accounting Standards Committee issued Statement of Standard Accounting Practice — SSAP9 — in a chorus of accusations of impropriety from companies with long-term contracts. The standard laid down that where companies embark on contracts which take more than a year to complete, they should take profits during the period of the contract as parts of it are finished. There were howls of protest from those whose accounting policy was to take profit only when the contract was completed. They accused the accountants of establishing risky policies, which counted profits before they had hatched.

The formula for SSAP9 advised that long-term contracts should be stated in the accounts at cost, plus any attributable profit, less any foreseeable losses and progress payments made or received. "Attributable profits" were to be that part of the total profit currently estimated to arise over the duration of the contract (after allowing for likely increases in those costs not recoverable under the terms of the contract) which fairly reflected the profit attributable to that part of the work completed at the accounting date.

Some companies had been employing this method of profit-taking as a normal accounting practice of their own. But there was a large body of contractors who firmly believed that profits did not occur until the contract had been completed, handed over, and the normal claims settled.

This group attacked SSAP9 with something little short of venom. Mr. Patrick Edge-Parlington, the chairman of engineering contractors, Crown will be far less significant than

House, for instance, said in his company's 1975 accounts: "I happen to believe that this method is not only imprudent but bad accountancy; it is imprudent because it encourages contractors to take profit before its existence is certain (and problems have a habit of appearing nearer the end of contracts than the beginning); it is bad accountancy because profit should be taken on delivery to a satisfied customer, and not by some arbitrary time or performance yardstick."

Matthew Hall, another leading oil, chemical and industrial engineering group, made much the same accusations. Its chairman, Sir Rupert Speir, used his latest interim statement to say: "Your Board has certain reservations as to the wisdom of adopting mandatory bases of valuing long-term contracts in order to bring in profits based on opinions and hopes, rather than on definitive figures established by agreement of the final contract price."

One of the leading opponents of SSAP9 was the massive Wimpey Group, whose traditional accounting policy is to take profits only on completion. On private estate development, for instance, Wimpey only takes profits when the last house has been sold. The group was reported as saying that it would rather have its accounts qualified by the auditors for failure to comply with the regulation, than take profits midway through a contract.

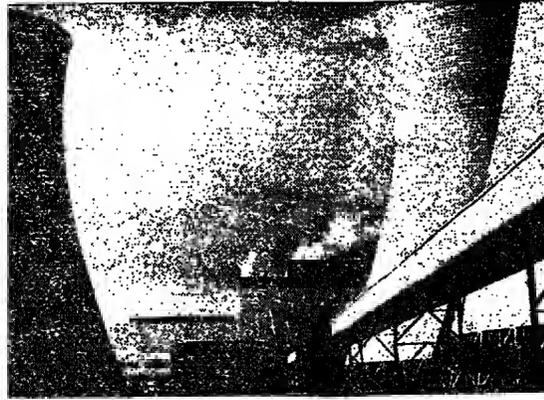
Other companies said much the same, arguing that an auditor's qualification to the effect that the company was earning more profits than it showed, would do them no harm in shareholders' eyes. It would only make the company appear even more conservative than the auditors.

These statements, however, were all made before publication of the first set of accounts in which SSAP9 had to be employed — the accounting period beginning January 1, 1976. As the time approached when the impact of SSAP9 had to be assessed in earnest, the did not occur until the contract antagonism dwindled to muted grumblings.

Few accounts have yet been published incorporating the new rules, but a canvass of leading civil engineering and main contractors suggests that interim profits "a figure marginally in excess of the profit shown" would have



If the taxes eat up the profit on the houses, how can the bricks be paid for? And if that is a headache, what about provisions for losses even on a completed power station.



a simple analysis of each company's long term contracts would suggest.

In practice, the formula for taking profits under SSAP9 is so generous and open to individual interpretation as to when and how much profit must be taken, that its practical impact may be negligible. Many companies currently preparing their first SSAP9 accounts feel that it is much ado about nothing.

There is, for instance, no fixed point at which profits must start to be taken, except that it must not be before the "outcome of the contract can be assessed with reasonable certainty." Finance directors can take that to mean not until the contract is 98 per cent completed.

Likewise, there is a very generous allowance for estimating future risks to the contract. Cautious companies could find good grounds for habitually inflating provisions for inflation of labour and material costs, possible rectification and guarantee work, weather or site conditions. Without much effort these provisions would always outweigh interim "attributable profits."

These factors heavily influenced Matthew Hall when he carried out a theoretical SSAP9 exercise on half-time profits for SSAP9 this year, but not sufficient to unbalance its earnings pattern. Mr. A. H. J. Tinsley, finance director of Matthew Hall, sums up current reaction marginally in excess of the fairly accurately when he says: "It's difficult to see how com-

panies will continue to find anything to beef about. It's so open-ended."

Consequently the complaints have begun to die down. Those companies which said that they preferred auditors' qualifications to compliance with the system, are now admitting that they are "in consultation" with their accountants, and believe they will now conform.

One company which may hold out, however, is the newly floated housebuilding company, William Leech. A large part of this company's work comes from its high local authority housing contracts. It has £11m. worth of these at the moment, involving thousands of units. As each group of units (say 50 at a time) is completed, it is handed over to the local authority, but the company does not take any profit until the full contract for, say, 400 units is finished.

This is just the sort of case which SSAP9 was introduced to change. The argument was that a true and fair picture of the company's profitability would include the profits attributable in the units completed within the financial year. Mr. John Adamson, William Leech's chairman, denies this: "I would much rather see a profit before I took it," he said.

Mr. Adamson argues that it is common in large housebuilding contracts for the early

stages to be carried out with expedition and at a profit but for later stages to hit bad weather, labour problems, inflated wage costs and other troubles which would reduce the profit on these tranches to break-even point or below. In the meantime, the first tranche (which would ultimately have to carry the profits for the entire project) would have been subject to tax. And this at a time when the escalating costs on the second tranche would be putting increasing pressure on cash flow. He also suggests that many of these problems cannot be quantified at the earlier stages, and so could not be allowed as foreseeable losses at the time.

The question as to what profits really are attributable to the early elements of a contract, and, conversely, what losses can be foreseen at that time, raises another problem, this time for the auditors. It is arguable that both areas are so vague that auditors will be unable to assess them with any degree of certainty. They will have to rely heavily upon the opinions and judgment of the company's executives because only they will have the experience of forecasting likely problems faced by the industry on certain types of contracts.

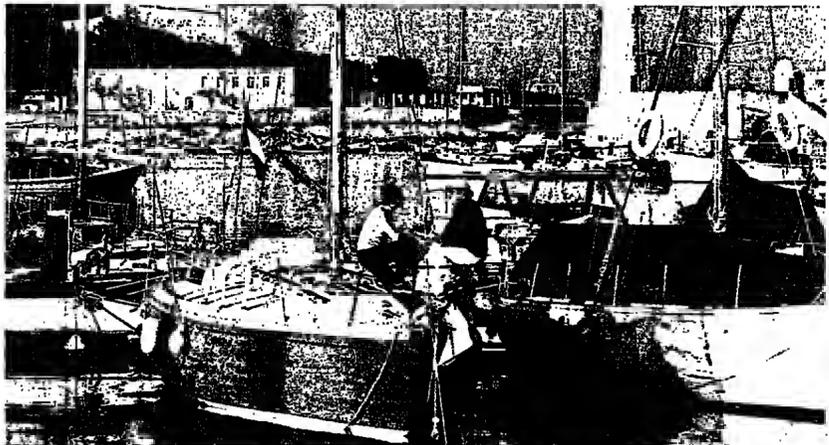
Chemical plants are said to be a case in point. Technology is constantly being stretched in new plant design, with the

regained their confidence in way that the larger contracts have done. For the SSAP9 on long-term contracts may be a thorn in the side the latter it now appears a matter of indifference.

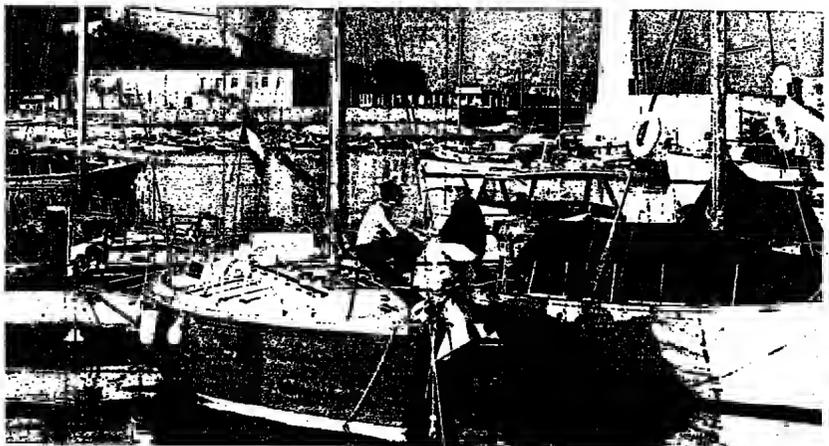
As a result, few companies are now likely to refuse to comply with the regulations: incur an auditor's qualification might appear less, the City, the Bank of London and even foreign investors take a dim view of companies who do not conform accounting standards. American Stock Exchange (for instance, may refuse company permission to money on the American market until it has complied with the British accounting requirements. Similar sanctions could be applied at home.

This threat, albeit tenacious, should enforce conformity. However, in practice companies feel they will be in a position to argue with SSAP9 may fail to fulfil its purpose for which it was created. The concept of profit along the way devised to establish uniform and comparable among contractors with long-term projects was also intended to out profit patterns in industry which, by its nature, is basically subject to enormous fluctuations in work load earnings between years.

The Institute of Chartered Accountants argues that it is another benefit from the SSAP9. It will force companies to adopt efficient systems which will permit accurate forecasting of profit trouble spots, closer scrutiny of progress on a project. Institute agrees that opposition to SSAP9 is dying away, does not agree that the regulations are as flexible as people at present think. Instance, the ICA claims companies who delay the point at which start to take profits will foul of their auditors. But companies themselves are convinced by this threat to maintain that when it comes to actual projects the audit will be virtually bound to accept the directors' judgment. And so they remain undisturbed.



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OFFSHORE MAINTENANCE II.

# Exploring a growing market

BY THE END of this year, the North Sea could be yielding the equivalent of half of Britain's oil needs. Government forecasts that the country will be self-sufficient in energy by 1980 appear to be well-founded for, in spite of some significant delays in production timetables, the output of several fields which have been brought on stream has been far more encouraging than originally expected.

British Petroleum's Forties Field is already producing at the rate of around 400,000 barrels a day, a figure once set as the peak production level. However, the initial performance of the reservoir and wells has encouraged the company to raise its maximum output level to around 500,000 b/d, a rate which should be achieved in the fourth quarter of this year. The Occidental Group's Piper Field is another which is exceeding earlier forecasts while the highest U.K. discovery, Shell/Esso's Brent Field, is now beginning to make an appreciable impact on Britain's balance of payments.

## Benefit

As Mr. Peter Baxendell, a managing director of the Royal Dutch/Shell Group pointed out in Canada last month, the net current account benefit derived from North Sea oil should be around £1bn. this year, rising to over £5bn. in 1980. When the benefits of gas are added the host to the country's balance of payments should be £8bn. in 1980 and perhaps twice that figure five years later.

Although these benefits were undreamed of a decade or so ago there are already signs that the Government and the general public are beginning to take them for granted. Herein lies a two-fold danger.

First, the oil and gas could be regarded merely as a palliative, as a short-term relief from economic problems rather than as the foundation of longer lasting economic stability and industrial growth. Secondly it must not be overlooked that a sudden disruption in these energy supplies arising from either a deliberate or accidental field shutdown could cause havoc.

This is why the regular inspection, servicing and maintenance of offshore structures is becoming so important. The emphasis of activity in the North Sea has changed markedly in recent years. With perhaps two thirds of the commercially recoverable oil in U.K. waters already discovered, exploration has been overtaken by development.

As time goes by, servicing the installations—the platforms, loading systems, sub-sea wells or pipelines—could become more important than development work. It is an area of offshore activity which cannot be short-changed if the balance of payments is to be protected and the integrity of producing systems maintained. After all Britain's oil and gas reserves are now worth some £300bn. Companies exploiting these reservoirs are fully aware that they have to invest between \$6,000 and \$9,000 for every daily barrel of peak production capacity. By comparison, historical development in the bulk of the world's producing areas has cost an average of perhaps \$200 and \$400 per barrel.

This is a measure of the difference in operating climate being faced by oil companies in the North Sea, as opposed to traditional areas like the Gulf of Mexico. It is reflected in the likely repair and maintenance programmes.

In the Gulf of Mexico the need for regular inspection and maintenance has been minimal. One operator said recently that if one of the small Gulf platforms became unsafe, or perhaps collapsed, it was merely replaced. That may have been an exaggeration but it is known that the cost of regular inspection and maintenance in this offshore area has been little more than 2 cents for every barrel produced.

The cost in the totally different environment of the North Sea is likely to work out at nearer 60 to 100 cents a barrel although these figures are still hazy. Preoccupied as they have been with exploration and development, companies are only now beginning to realise the true importance and scale of future maintenance programmes.

At the same time the service

industry is just beginning to gear itself up to meet the workload that will exist in the next few years. Dr. Dickson Mabon, Minister of State for Energy, is expected to outline these prospects when he opens the first International Offshore Repair and Maintenance Exhibition and Conference in Brighton to-day.

According to statistics prepared by the Energy Department's Offshore Supplies Office, the inspection and maintenance market should be worth around £50m. this year. By 1980, when oil output should be reaching its peak, the annual figure could be nearer £300m. to £400m.

Of this total, between £55m. and £125m. might be spent on subsea servicing. This area perhaps provides the most enticing business prospects for those with underwater technology and skills. Premature corrosion, riser troubles, and a dragged pipeline are among the problems already encountered by offshore operators.

A number of consortia are being established to supply a package of inspection, maintenance and repair services on a contractual basis. For one British industry has a chance of getting in on the ground floor of this vital, oil-related work. For in this particular sphere of servicing the U.S. groups have not yet managed to secure a dominating role. Up to now such thorough underwater maintenance services have not been needed.

The Offshore Supplies Office believes there is room for four or five strong consortia, each with underwater capability, needed to meet the demand of the 1980s. On current estimates they might each expect to handle up to £50m-£60m. worth of business annually.

All the structures in the North Sea must be regularly inspected and re-certified although it could be the early 1980s before sufficient demand is generated to justify these four or five consortia.

On the other hand it must be recognised that if the industry were asked to-day to provide the level of service that will be required to cover all the structures in place in 1980, the U.K. underwater engineering capa-

city would be alarmingly inadequate. As it stands the underwater service industry could cope with only a quarter of such demand.

But it is not only the subsea maintenance work which is providing a golden opportunity for British industry. Maintenance of platforms, structural life support facilities and safety equipment could be a market worth £35m. to £60m. by 1980.

## Costs

The maintenance of production equipment could cost the offshore operators a further £23m. to £60m. annually although this upper figure is not yet determined. Much will depend on how much well maintenance will be required—some companies have estimated that a well work-over may be needed as frequently as once every three years.

On top of all this, a market worth between £55m. and £100m. will be created by 1980 through the need to service onshore facilities, such as the Sullin Voe and Flotta oil terminals, air and sea transport, and offshore life support systems.

But even this does not give the complete picture. There will always be the need for unplanned inspection and maintenance arising from accidents of one sort and another. Last year, for instance, the oil industry spent some £25m. on ad hoc repairs. Shell/Esso's Auk platform was damaged when it was struck by a supply vessel. Production from Mobil's Beryl Field was disrupted when a trawler's anchor damaged the power line to a sub-sea well. And there have been a number of hose changes on offshore loading buoys.

Only now are the Government, British industry, and the oil companies recognising the scale of servicing that will be needed in the North Sea. But there must be a danger in any venture that enthusiasm will get out of hand; that in the rush for new orders industry will provide more capacity than the eventual market can absorb. This has happened with the platform building industry which was misled by widely accepted market forecasts

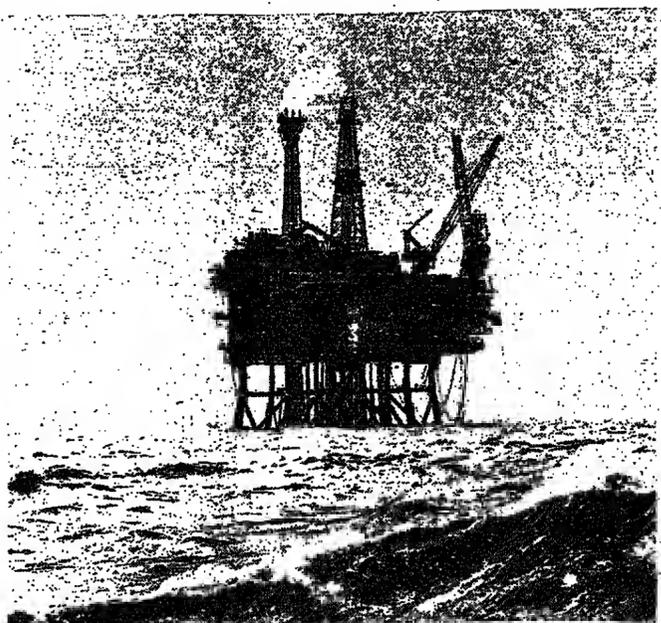
which have now been proved as far too high. The platform constructors' dilemma was made worse by the involvement of Government in the development of two sites (still unused).

This time there is no sign of the Government taking a stake in the servicing side, other than a modest stake taken by the National Enterprise Board in the underwater vehicle sector. Instead OSO has been content to work behind the scenes, encouraging the formation of inspection and maintenance consortia.

One of the messages being emphasised by OSO is that the servicing business will not necessarily be short-lived, tied only to the development of the North Sea. Indeed, there is justification for basing a new industry on the assumption that work will be available for 40 or 50 years.

The overall inspection and maintenance market in the North Sea can tentatively be identified as being worth \$20bn. over the life of the fields. Given that the world market could be five to 10 times that in the North Sea, those building up servicing businesses have a golden opportunity to use the U.K. oil sector as a springboard to valuable exports.

Ray Dafter  
Energy Correspondent



Apart from the difficulties of depth, rough weather is a major problem in North Sea maintenance work.

## Criteria still vague

A SENIOR executive from one of the consortia formed to offer maintenance and inspection services to North Sea operators recently admitted that he and his colleagues had made little attempt to quantify the total market. "There are far too many unknown factors at this stage," he said. "What we do know is that the market is large enough for us to go ahead on an ambitious scale. We must make our predictions as we go and develop our strategy accordingly."

He has little choice. Information available at the moment is decidedly vague.

The Department of Energy's Offshore Supplies Office estimates that at least \$20bn. (at current prices) will be spent on inspection, maintenance and consequent repairs on offshore installations during the life of the 14 U.K. fields now operating or in the course of development—that is, over the next 25 years or so.

But the OSO admits shy of predicting what will be spent on fields for which development plans have yet to be announced. Its estimate ought therefore to be on the modest side. Its officials point out, however, that their projections are as much as 100 per cent. higher than figures submitted to the Government by the operating companies themselves. The company estimates, they say, do not even reflect the accepted relationships between capital costs and maintenance in more established industries.

## Mystery

The explanation given for this apparent mystery is that the companies are not over-concerned with their maintenance costs at this stage and are reluctant to speculate about the costs of ad hoc repairs, repairs which may not arise. The OSO points out that of about £50m. spent on inspection and maintenance in 1976, £25m. was for unpredicted repairs.

The forecaster faces many perils. It is probably not correct, for example, to assume that costs will remain constant, in real terms, throughout a field's plateau production period. It seems more likely that the expenditure curve will be U-shaped. At the start costs will be high, reflecting the learning process. As the operator learns to maintain more effectively, they will fall. They will rise again as the field equipment begins to wear out. With these points in mind, the OSO puts expenditure on the 14 fields at £300m. to £400m. a year in the early 1980s.

Those who look for a rough method of market measurement like to think in terms of cost per barrel. But here again there are hazards. Every field varies according to its size, location, water depth, production method used and other factors. Operating costs for the Forties Field have been estimated at 50 cents a barrel when the field reaches plateau production. But because Forties is a large field, with lower unit costs than others, and because the water is comparatively shallow (400 feet), this figure is by no means typical. At the other end of the range, a small field such as Argyll, using floating production facilities, might have operating costs of over \$3 a barrel.

Petroleum consultants Gaffney

Cline and Associates suggest that an average figure for operating costs of about \$1.25 a barrel (at current prices) might be appropriate for the first year of plateau production. But they hasten to add that the projection of figures on a per-barrel basis is fallacious because unit costs increase as a field goes into decline.

It is also important to remember that operating costs embrace a number of other costs besides those for inspection, maintenance and repairs.

There is no such thing as a typical North Sea platform. On one example studied by GCA, however, an estimated breakdown of operating costs for the first year of plateau production was:

- Platform maintenance: 6%
  - Pipeline maintenance: 4%
  - (This is for a spur pipeline only, not for a pipeline to shore)
  - Insurance: 25%
  - Use of pipeline to shore or single buoy mooring: 35%
  - (This includes some maintenance expenditure)
  - Supply boats, helicopters, provisions and other expenditure: 35%
- The GCA overall maintenance estimate is between 10 and 15 per cent. of operating costs over a field's life.
- Operating costs overall have, in turn, been estimated by GCA. In a projection covering all north-west Europe offshore they are:

	\$m.
1977	265.02
1980	1,557.82
1985	2,186.23
1990	2,394.94
1995	1,914.87
2000	777.57

Remember that these are operating costs and that they cover all North Sea sectors and it will be seen that these figures differ substantially from those of the OSO. They are far smaller.

All forecasts are, by their nature, wrong, and most will vary because of differences in criteria. But the considerable differences between these, and other, forecasts illustrate what the forecasters freely admit—that there are many aspects of North Sea maintenance which

are incalculable in the light of present knowledge.

In spite of the size of the figures, the oil companies have more important things to worry about. If operating costs are \$1.25 a barrel, whether maintenance represents 10 per cent. or 25 per cent. is insignificant compared with cash flows as a whole. The companies are far more concerned at this stage with the fiscal environment and the recovery of their capital outlays. The Government take is about 70 per cent. of revenue after costs: therefore a 20 cents a barrel increase might cost the companies as little as 6 cents a barrel.

## Opportunities

Companies entering the maintenance market can live with these figures too. They can identify opportunities and plan to secure a slice of cake of a certain size without knowing how big the whole cake is, however helpful this knowledge might be.

Where precise knowledge is more important is when studying the impact on the national economy.

Maintenance expenditure will affect the British economy in a number of ways:

- There will be a loss to the balance of payments in respect of work not undertaken in the U.K.
- Effects on field revenue will alter the Government take proportionately much more than that of the oil companies.
- Maintenance expenditure forecasts could be critical in deciding whether to develop marginal fields.
- But the most important effect is on the size of the unshored oil-related market and its contribution to the economy. At present British industry is obtaining about 75 per cent. of the maintenance business available from fields in the U.K. sector. But the market is in its infancy. To maintain this share, in the face of lively competition from America and Europe and notwithstanding the "full and fair" opportunities which operators are obliged to offer British industry, some thorough industrial planning will be necessary, nationally and regionally.

For example, it is possible

that the present centres of related industry—the so-called boom towns of Aberdeen, Inverness, and Montrose, and the corners of Scotland's Nigg—will be inappropriate for the maintenance industry. As the emphasis moves from the provision of equipment to the provision of service, capacities could be insufficient.

Because of the competition with which an operator switch from one contractor to another, there be far more real competition in the maintenance industry in platform and pipeline structure. The top notch are therefore likely to be located where better services can be found—in Tay, Forth, Tyne and Tees areas.

If these aspects, and their implications for employment development, are examined as they should further market identification and quantification is the step. All we really know at the moment is that there is a need for a business that could worth hundreds of million pounds annually in a few years.

Fortunately, some steps being taken, albeit belatedly, investigate some maintenance and inspection requirements more closely.

W. S. Atkins and Partners engaged on a market survey of the underwater inspection offshore installations, first by the underwater engineering group of the Construction Industry Research and Information Association, (CIRIA) in conjunction with the OSO. It is due for completion in autumn.

And, following its work, individual oil companies are subject. CXJB Under Engineers has been preparing guidelines for designers of shore structures to make aware of the problems of water inspection and maintenance—greyest of all the areas. Also for CIRIA, study is expected to be completed about a week ago. And about 100, was the commitment of the Government. The Government should have commissioned kind of work five years ago.

Bruce Andr  
Editor, FT North Sea I



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# Welcome to Scotland

THERE IS no more graphic illustration of the contribution of the offshore maintenance industry to onshore local economies than the unemployment figures for the Grampian region—the local government area around Aberdeen. Even when allowance is made for the fact that the oil industry has had on the overall rate for Scotland (and that is by no means to be underestimated) the growth for the north-east of the country has shown a steady fall so that it is now less than half the national average.

Grampian largely missed out on the construction phase of offshore development. The coastline did not lend itself to the establishment of platform yards, and that side of the industry went to the Highlands, the firths of the west coast and sites with established industrial need such as Methil in Fife and Grampian on Teesside.

At the other end of the oil business—downstream activities—the region has also had a high disappointment with the Shell-Eso decision last year to abandon, in the middle of a public inquiry, their proposal for a gas separation plant and a pipeline for a site near the Firth of Forth.

## Extremes

But between these two extremes the area has carved out a lucrative slice of North Sea work for itself in the supply and maintenance of rigs and platforms in the central and northern sections of the North Sea.

The two principal harbours of the region, Aberdeen and Peterhead, are both major supply bases and are so crowded with activity that work is spilling over into more southerly ports, such as Montrose, Dundee and even as far south as Leith. The growth of business in Aberdeen itself has been greatly helped by a £12m improvement scheme to convert the enclosed docks to an all-weather harbour that can be used at all states of the tide.

Aberdeen airport has also seen the stimulation of the oil market. Almost entirely as a result of the oil industry, passenger traffic through the airport has risen from 150,000 in 1971 to 850,000 in 1976—an

increase in five years of 560 per cent. The airport is the major base for helicopter flights to rigs and platforms, and last year alone 166,000 passenger journeys were made this way. It is hardly surprising that the heavy increase in traffic has prompted improvements in services such as a new fire station and radar system and a new terminal building which is now nearing completion.

The growth of the supply and maintenance industry in Aberdeen has many success stories and that of Seaford Maritime is typical. The company was registered in 1972 and began work with a staff of 600. The intention was to build up a fleet of tug supply ships, but in less than a year the company found that the demands of the industry led it into engineering, properly management and road transport. The total labour force now exceeds 850.

The rapid build-up in Grampian has naturally encouraged some companies to look for less crowded locations in Tayside, the neighbouring area in the south which is ambitious to attract any new industry going. Already some businesses have moved in, but there is room for a lot more and the local authorities are doing what they can to make the area as useful as possible to the maintenance industry.

There are already two supply bases in the region, one at Montrose which has been purpose built, and the other in Dundee, making use of the extensive quayside.

The Montrose base is run by Sea Oil Services, part of the Energy Division of P&O, which co-operated with the Montrose harbour board to reclaim more than 30 acres of land from the basin of the South Esk River. The deepwater channel allows access at all times of the tide and there are four sheltered berths with nearby supplies of marine diesel fuel, fresh water, drilling mud and hardware.

BP Petroleum Development has chosen Dundee for its supply base for the Forties Field. After looking at Aberdeen and Peterhead in 1972 the company decided they were too crowded and now leases wharf space from the Dundee Harbour Board, with the advantage of ample storage space and 24-hour capabilities.

The Maitrose base is run by Sea Oil Services, part of the Energy Division of P&O, which co-operated with the Montrose harbour board to reclaim more than 30 acres of land from the basin of the South Esk River. The deepwater channel allows access at all times of the tide and there are four sheltered berths with nearby supplies of marine diesel fuel, fresh water, drilling mud and hardware.

The base supplies the three Forties production platforms now on stream and will do the same for the fourth when it comes into production next November. The Seden 730 and Sea Conquest, are also backed up from Dundee.

BP started by using supply vessels of 800 d.w.t., but is now up to ships of 4,000 d.w.t. and achieving a turn round of six hours in all weathers.

## Tradition

Tayside also has a long engineering tradition based on Dundee and the smaller towns of Arbroath, Brechin and Forfar. Many established factories doing conventional work have switched part of their production to the offshore market, either making long run consumable items or one-off special projects which are often needed in a hurry.

But a considerable resistance to ordering engineering parts locally still has to be overcome. Many oil company buyers based in London think first of the Mid-

lands when ordering hardware and pipelines under conditions at atmospheric pressure. Mr. Grant McVale, Lockheed's base manager, has commented on the advantages of being in an area with established labour skills and good communications.

But the most obvious sign of the Forth's involvement in the industry is the string of rigs to be seen off the Fife coast at anchor in the designated refuelling areas. The cost to operators of bringing submersibles to the Firth is a fraction of the price charged in comparable Norwegian locations.

## Contribution

The total contribution of the oil industry to the health of the Scottish economy has been considerable in recent years, enabling it to make up much of the disparity with the more prosperous parts of the U.K. But it has not been enough.

There has been severe strain on the infrastructure of boom areas and Aberdeen, for example, has suffered from an acute housing shortage which has pushed prices sky-high. Further dislocation is likely when the initial phases of oil development—exploration and construction—are over. The burden of maintaining the improvement in economic performance will then fall on traditional industries.

personal life support system has training and medical fitness also come a long way from the copper helmet and canvas suit of pre-war divers. Today it includes an electronically metered and monitored supply of oxygen diluted with gases appropriate to the working depth. Technically, this can now be provided from a self-contained backpack, but this technology is still in its infancy and is still forbidden commercially unless an emergency oxygen supply can also be arranged.

Both the diver himself and his breathing mixture must also be heated if he is to perform in reasonable comfort. In practice, this means a diver will need a continuous heat input of about 2 kW. The simplest way this can be provided is with hot water pumped down from the support facilities. Electrically heated diving suits have been tried experimentally but have not yet caught on, partly owing to the restrictions a heating element woven into underclothes causes in regions requiring the greatest freedom of movement. In addition there is the risk of the heating element breaking and giving the diver a shock. An alternative is a network of capillaries woven into the fabric, carrying a liquid metal—mercury—which can be heated electrically. But this system, too, has disadvantages for the diver at present, in that in the region of his joints the flow of metal may be restricted to a degree that creates an uncomfortably hot spot.

More advanced systems under investigation include the use of electrical frequencies high enough to avoid risk of shock. One uses a high-voltage radio frequency to transmit power in the diver. Another uses microwave power, transmitted down a support hose so contrived that it also serves as a ware-

gule. A water-bath in the safety of divers at work in British waters occurred in January 1975, when the new Health and Safety at Work Act came into force, bringing another 5m people — "from hippos to tarts" — as a former chief factory inspector has put it—within the compass of safety legislation. Until then, the only U.K. legislation applying to commercial divers was that of the Diving Operations Special Regulations and Factories Act of 1960, applicable only inside the three-mile limit.

The new legislation, the Offshore Installations (Diving Operations) Regulations 1974, were introduced to cover the British sector of the North Sea. They lay down the minimum standards of diving equipment, and one that would be readily updated as the technology of diving and of offshore engineering progressed. The committee has now invited criticism and comment more widely, setting the deadline of August 31 for observations to be received by the EEC, in time to prepare the final draft for a meeting in Luxembourg planned in October.

The proposed European Guidance Notes are modelled closely on U.K. legislation. A total of 42 lines of guidance embrace the training, qualifications and experience of divers; the classification of divers; diving and diver support equipment; medical aspects of diving; and operational arrangements. The author calls their objective "catalytic" — an attempt to establish broad principles on which agreement might be obtained.

Nine European nations and an observer from the EEC participated in a meeting last month which gave its enthusiastic support to the document as a starting point, and one that would be readily updated as the technology of diving and of offshore engineering progressed. The committee has now invited criticism and comment more widely, setting the deadline of August 31 for observations to be received by the EEC, in time to prepare the final draft for a meeting in Luxembourg planned in October.

## Harmonise

The next big step will be to harmonise international diving standards for offshore activities. Here again the Society for Underwater Technology has given a lead. In 1973 it set up the European Diving Technology Committee, which by last December had produced a charter for safe diving. Welcoming its initiative, Commander Jackie Warner, senior diving inspector at the Department of Energy, said it represented an important contribution to the efforts now being made by many countries to minimise the occupational hazards of this high-risk area of work.

Ray Perman  
Scottish Correspondent

# Diving in safety

NOWHERE claimed two British diving experts, in a paper in the Institution of Civil Engineers earlier this year, "will one find a more mixed bag of disciplines involved than in a modern diving system."

The present-day diver's equipment has evolved since the second World War with the help of physiologists, underwater medical practitioners, psychologists and psychiatrists, as well as engineers. Their purpose was to relieve the diver as far as was possible from physical or mental discomfort while working in an extremely hostile environment.

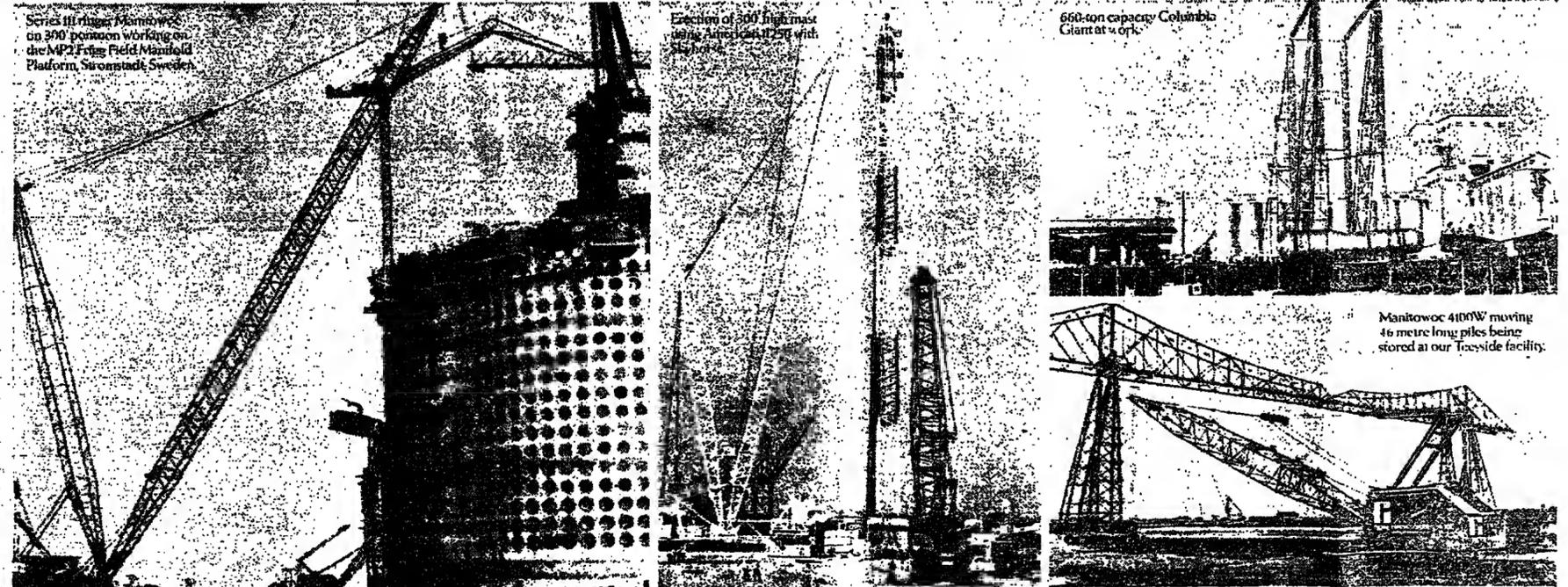
Nevertheless, diving accidents still happen. Since 1972, a total of 23 divers have died in the British sector of the Continental Shelf, according to the Society for Underwater Technology. In 1971, only 80 divers were operating in the whole of the North Sea. Not more than one

in ten was working at depths greater than 300 feet. By 1976 the workforce had expanded to 1,200, half of whom were operating at depths deeper than 300 feet. It is expected that as many as 2,000 divers may be working in European waters at times of peak offshore activity during the next five years.

In addition, another 1,000 divers may be engaged in river, canal and dock activities. For a long time divers were seen by the offshore industry as an "unwelcome but necessary insurance policy" against mishaps in the drilling programme. Mr. Ken Halse, director of the Admiralty Experimental Diving Unit, and Surgeon Rear Admiral J. S. Rawlins, dean of naval medicine at the Institute of Naval Medicine, told the civil engineers. Divers were allo-

ated minimum space on the rig for equipment, so that only the bare essentials could be provided. "The concept of treating the divers as part of the overall drilling systems was unheard of." But this was all changing. Many specialised drilling ships now made provision for permanently installed diving systems of the most sophisticated kind; some were even designed around a diving capability. Such vessels were usually able to launch a submerged compression chamber through a moon pool at the centre of buoyancy of the vessel. One semi-submersible drilling rig was being fitted with a decompression chamber and lock-out facility built into one of its main support legs. The technology of the diver's

equipment, so that only the bare essentials could be provided. "The concept of treating the divers as part of the overall drilling systems was unheard of." But this was all changing. Many specialised drilling ships now made provision for permanently installed diving systems of the most sophisticated kind; some were even designed around a diving capability. Such vessels were usually able to launch a submerged compression chamber through a moon pool at the centre of buoyancy of the vessel. One semi-submersible drilling rig was being fitted with a decompression chamber and lock-out facility built into one of its main support legs. The technology of the diver's



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# OFFSHORE MAINTENANCE IV

## Advantages for ports

IN TERMS of capital investment in North Sea oil the involvement of the port industry has been modest, but the industry's contribution to the total endeavour of offshore oil and gas exploration and development has nevertheless been vital. The oil industry has for several years been one of the major factors in shaping the pattern of trade passing through the country's ports all round the coast. Its far-reaching impact has spread well beyond the clutch of ports on the East coast of Scotland and in the northern isles which have developed as the front-line supply bases for the adjacent oil and gas finds in the North Sea.

The advent of the giant oil tankers brought about the development of the splendid natural harbour of Milford Haven, which after less than 20 years has become, by tonnage handled, the biggest British port with four refineries and their associated jetties. And North Sea oil confronted the ports industry with a whole new set of problems. It has called into existence entirely new and important ports in places where there had been even less activity than at Milford Haven — at such places as Sullom Vne in the Shetland Isles, Scapa Flow in the Orkneys and Peterhead Bay harbour. In other established port areas it has created new facilities on an important scale.

But not all ports have gained. Technological developments have destroyed old concepts about what constitute large and small ports and some of the most striking examples of technology providing new solutions can be found in the provision of facilities for crude oil.

Older concepts based perhaps on port area suggested that ports of modest size could handle only smaller ships and cargoes. Such ideas reflect the requirements and sizes of early steamships. To-day, a port like Shell's single-point mooring buoy is able to handle ships far bigger than can use any existing port in the country. Oil traffic through that single buoy will be many millions of tons a year. It can, of course, be argued that petroleum traffic is no guide to the importance or size of a port. But petroleum traffic does account for two-thirds of the total traffic of our ports. It is as central to our economy as coal was in the last century, and perhaps it is pointing the way to how solids could be handled by ports in the future.

### Pipelines

Work is already well advanced on the development of subsea pipelines, and systems for the loading of iron ore and iron sand mixed in a slurry with water are already in use in Peru and New Zealand.

Ever since the oil industry first began to make its impact with the discovery of oil in commercial quantities in the Ekofisk Field in the Norwegian sector in 1969, and the subsequent discovery of the Forties Field 110 miles off the Aberdeenshire coast a year later, there has been concern in the ports industry that competition between different locations would lead to the building of too many facilities.

The National Ports Council was anxious from the outset that adequate facilities should be ready in time to exploit the new traffic and on a national scale to ensure that no avoidable delays occurred in the exploitation of an asset of such paramount importance to the country's economic recovery.

The facilities that exist to-day are thought to be adequate to meet future demands in areas that have proved fields, and around other areas of the country's coasts where exploration in date has been minimal and largely in vain, such as the Celtic Sea, the Irish Sea (where a gas reservoir has been identified). The South Western Approaches ports appear to be queuing up to offer supply base facilities once the oil companies switch the focus of their search from the North Sea to Britain's southern and western continental shelf.

Lerwick has dominated the proceedings in the far north of the U.K. sector because of its proximity to such major finds as Brent, Ninian, Thistle and Cormorant. The first development to cater specifically for the oil industry took place at the northern end of the harbour where Norscut Services built a large service base with 2,000 feet of quay and more than 40 acres of storage space. Following this, service bases were developed at Holmgarth operated by BP and Shell and a third base was developed by Ocean Incharge.

Some indication of the port's growth in line with the demands of the offshore industry can be seen in the port's investment of more than £5m. since 1973 that has gone into reclaiming more than 50 acres of land for pier works, with berthing space increased from 3,000 feet to 7,300 feet.

The port is still a major base for the fishing industry, with more than 1,350 foreign fishing vessels calling at Lerwick last year, but this figure was easily topped by the 1,680 vessels involved in oil research.

Of Aberdeen's £14m. development programme, the major part was taken by the conversion of old enclosed docks and the widening of the port entrance. Two former enclosed docks in the inner port have been converted to unrestricted tidal operation on a 24-hour basis bringing with it the substantial reconstruction and

strengthening of the quays. The Holland, Germany, and Scandinavia, but also with the U.S. Gulf ports to which direct services are now maintained from such ports as Aberdeen and Dundee.

Ports serving areas of heavy industry, such as Leith, the Tyne and Tees have brought benefits to their surrounding areas by providing bases for new engineering industries, from pipe-coating to the building of production platforms and others. They have seen their tonnage figures dramatically affected by the construction of oil terminals.

The Grampian ports of Aberdeen and Peterhead have been fortunate to be able to grow with the surrounding hinterland in becoming the main onshore focus of the search for North Sea oil. Now more than 350 companies are established in the region with direct involvement in the offshore industry employing more than 10,000 people.

Peterhead Bay Harbour has probably shown the most dramatic change of almost any port since the advent of North Sea exploration, being virtually a new port created by this activity. Other ports such as Montrose and Dundee have been more able to build up existing facilities. Montrose with considerable reconstruction and reclamation works for providing extra quays for oil rig support vessels.

At Dundee the growth in the port's North Sea oil traffic can be measured by the number of oil-related vessels arriving at the port. This has shot up from 174 in 1972 to 604 in 1974 and last year to 1,142. Traffic embraces exploration and production drilling, including rig and production platform servicing, large operations and ship repairing. The main oil user is BP, which services its four production platforms in the Forties Field from its own marine base in the port, and Conoco and Placid are serviced from the commercial supply base operated by Dundee Petroleum.

The advent of oil has also helped the Scottish East coast ports to augment their general cargo links, not only with

## Making up for lost time

NORTH SEA oilmen are fond of referring to the influence of the learning curve. The initial lack of knowledge about operating in hostile conditions is one of the reasons why the development of new fields is progressing more slowly than once envisaged by the industry, and Government.

The new technology and operational methods dictated by the North Sea is a major reason why investment in the northern fields can be 20 to 30 times more than the amount historically required in other parts of the world to produce a daily barrel of oil. Put another way, a company developing a 60,000 b/d offshore field in typical Middle East conditions in the early 1970s would have had to spend about \$20m. To develop a comparable oil field in the northern North Sea now could cost over \$500m.

Over the next few years the offshore industry expects the learning curve relating to inspection, repair and maintenance to rise just as steeply. For even now, with seven oil fields already on stream, offshore operators still do not have a clear picture of the extent of servicing work that will be required. What is certain is that the scope and cost of the work will be much greater than that estimated a few years ago.

It is now reckoned that operators of a reasonably sized field could face an annual servicing bill of well over £20m. on average.

Even the experience gained from operating gas producing platforms in the southern sector of the North Sea has limited application when operators venture into the northern oil fields. In 1975, the year after the Offshore Installations (Construction and Survey) Regula-

tions were introduced, there were over 50 separate structures in the southern sector but the deepest of them was in less than 50 metres of water. The average depth for these installations is under 30 metres. They are fairly close to land.

And yet severe inspection and maintenance problems have been encountered. Marine growth has been thicker and more extensive than expected, for example: there have been a number of accidents arising from shipping going close to structures or crossing pipelines; inspection has been hampered by poor visibility caused by strong currents.

The Department of Energy says that although inspection has shown the gas platforms to be in better shape than some feared, and that no structure appeared to be in any danger, it was possible that some of the installations would not achieve their full design life.

Mr. Peter Thornton, a chief engineer with Conoco, told the Underwater Inspection of Steel Platforms once in London in February some of the concrete piles had a surface area equivalent to 12 to 14 acres. That's lent to going to Heathrow port with a flashlight on finding a crack in the leg going back the next morning the same crack and it in.

A good deal of research now being conducted in the help of surveyors of underwater structures, the Chief Scientist of the Department of Energy, a research budget of £10m., about half of which is spent on safety matters such as non-destructive and vibration monitoring and regular inspection of a sizeable number of British gas platforms in oil. By 1984 100 platforms could be around the North Sea.

Under the Offshore Installations Regulations (or conceived in response to the loss of the jack-up rig, St. in 1965) all platforms required to have a certificate of fitness granted by the recently enlarged number of certifying authorities.

And it is not only the parts of platforms that are watched closely. With sophisticated operation communication equipment that now being used in the North Sea it is impossible to reach the interior of the structure in this way. Sub-

### Tonnage

Gross tonnage handled through ports on the Forth, for instance, last year exceeded handling through the Clyde for the first time because of North Sea oil. Gross tonnage handled by the Forth Ports rose from 8.5m. tonnes in 1975 to 13.8m. tonnes in 1976, whereas the Clyde ports experienced a drop of 2m. tonnes to 10m. tonnes. The BP refinery at Grangemouth is responsible for the shift, because crude oil from the Forties Field is replacing imports through the Finaart terminal on Loch Long.

In East Anglia, much longer-established supply bases at Great Yarmouth and Lowestoft have for several years served the gas platforms in the southern sector of the North Sea, and in South Wales the Pembroke ports of Milford Haven, Pembroke Dock and Fishguard are happy that they meet all the criteria for providing efficient offshore supply bases. But like Plymouth with its Millbay Docks, they are waiting in the wings either for significant discoveries or for forthcoming rounds of licensing to stimulate the oil companies into exploration activity.

Kevin Done

### Outlook

What is particularly disconcerting is the realistic view taken by the Department, that the problems encountered in the inspection of the gas platforms will "pale into insignificance compared to those which will be encountered (and are already being faced by the operators) on the deep water platforms."

There are already a number of oil platforms standing in over 125 metres of water. The Thistle Field platform, which is due to start producing oil for the British National Oil Corporation and its partners later this year, is standing in over 160 metres of water.

What is more, the diameter of the base section of some of these deep water platforms can be over 75 metres. These bare statistics serve to illustrate why the sub-sea component of maintenance programmes (and the consortia that are now being formed) is so important. Few of the platforms designed so far have provision for lowering a diving bell so these sub-sea contractors face a daunting, and somewhat worrying, challenge.

For instance, a diver can handle only about 30 metres of umbilical cables so it is not possible to reach the interior of the structure in this way. Sub-

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## Large companies move in

FOR THE offshore oil and gas industry even minor delays can prove prohibitively costly and breakdowns bringing to a halt the highly expensive capital plant can rapidly endanger production flows and threaten vital revenues. The need for regular inspection and maintenance of production platforms and sub-sea installations is not a new phenomenon — and some experience has already been gained in the field, in earlier offshore locations such as the Gulf of Mexico and the southern sector of the North Sea.

But as production platforms, pipelines and other structures are placed in increasing water depths and in more hostile environmental conditions, the requirements for inspection, maintenance and repair become far greater and at the same time immensely more difficult. The eventual need for these services may have been noted early in the development of the North Sea finds, but it is only now, after the first hectic scramble to bring the early discoveries on stream is subsiding, that the North Sea operators and the myriad companies that service their needs are waking up to the opportunities of a market whose potential has tentatively been identified as being worth \$20bn. over the life of the fields.

The Department of Energy's Offshore Supplies Office, anxious to ensure that British companies are in at the beginning of this vital new phase of North Sea development, has been quick to point out that to meet the demands of the 1980s at least four or five major consortia will be needed. In this area of ser-

### Experience

Using the North Sea to gain experience OMISCO is intent on developing a worldwide service for repair, inspection and maintenance. The range of services it will have at its disposal through the back-up of both parent and other associated companies will include feasibility studies for problems of maintenance, repair and inspection, system services for planned maintenance of offshore installations, design services for modifications and additions to existing installations and planned inspection services. It could also provide management services for the implementation of offshore contracts using existing local services, contractors and resources.

In order to offer this blanket approach OMISCO has allied itself with existing companies with particular specialised expertise such as Strongwork Diving (International), Sub Sea International, Sonarmarine and BOC Sub-Ocean Services. But stiff competition is already developing for this new consortium. Outside the U.K. the U.S. Brown and Root group (which in an earlier venture had joined with Wimpey to produce the Highland Fabricators platform construction yard at Nigg Bay) has allied itself with the Norwegian shipbuilding and platform construction group, Akor to form Brownaker with main operational offices in Stavanger, Norway.

Back in the U.K. the Vickers-owned offshoot, Aymer Offshore, combined several months ago with David Brown-Vosper and the Aberdeen Service Company to produce Mainwork which offers services ranging from plant maintenance and break-down repairs to hook-up and commissioning, the training of personnel, and the planning and management of modification work.

The understanding that maintenance can no longer be economically or physically undertaken piecemeal, as has been the case in the "bushfire" approach of the early stages of development has dawned on most operators. The bigger companies are expected to undertake much of their system planning in-house, but they might well call on the "umbrella" management companies later in the process to avoid having to arrange separate contracts with countless small specialists.

The smaller field operators, lacking in-house resources, may farm out the whole process, having taken due regard that often the crucial factor in the package is the performance of the underwater tasks. There are as yet few models to draw lessons from, though experience on Hamilton Brothers' Argyll Field, the first to produce oil commercially, gives a useful pointer.

The contract for the maintenance of the underwater wellheads, flowlines, single point mooring buoy and associated pipelines was awarded to Strongwork Diving, the underwater engineering company. It in turn enlisted Star Offshore Services and P and O Subsea as sub-contractors, thus producing a consortium of various specialist skills for a one-off contract. Star Offshore itself, which is probably best known for the rapid growth of its fleet supply vessels, is fast diversifying into the provision of sophisticated underwater systems vessels in order to gain the long-term stability from the maintenance phase of North Sea development, which has been missing from the recent phases of exploration.

With a new market set to mushroom by 1980 to an annual worth of between £300m. and £400m. the interest in maintenance and inspection is clearly intense, and there is every sign that companies are moving quickly to fill the void. One of the key questions that must wait to be resolved, however, is whether U.K. industry can move fast enough to hold its share of the market which in early contracts has emerged at about 75 per cent.

Kevin Done

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WALL STREET - OVERSEAS MARKETS - FOREIGN EXCHANGES - Sterling steady

BY OUR WALL STREET CORRESPONDENT

FURTHER SMALL losses were recorded on Wall Street today when investors remained gloomy ahead of President Carter's Energy Proposals to Congress on Wednesday.

At midday, the Dow Jones Industrial Average was off another 1.50 points, after opening at 1,187.75.

Ways are being sought to improve the performance of the oil industry. The NYSE All-Industry Index ended 15 cents lower at 118.75.

Production cutbacks in key areas such as the Motor Industry, and the steel industry, are being considered.

Regular inspection and maintenance of non-ferrous metal plants is being urged by the Department of Energy.

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Motorists continued to move to lower levels in active trading following proposals yesterday by the Government to give manufacturers only a one year extension to meet tough new emission standards in 1980.

General Motors fell 5 1/2 to \$60.1, Ford 5 1/4 to \$55 and Chrysler 8 1/2 to \$29.

Prices were also lower on the American 30, where the Market Value Index fell 0.20 to 112.20.

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Final 1976 results which increased earnings 5 per cent per share, an unchanged final dividend and no bonus issue.

Home Hong Kong fell 30 cents to \$17.70. Swiss Pacific 15 cents to \$17.65.

Active selective buying spread over most sectors an expectation of a 5 per cent. from 8 per cent. Volume 300m. (180m.) shares.

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GOLD MARKET

Table with columns for Gold Market, Gold Bullion, and Gold Coins. Includes prices for various gold products.

FOREIGN EXCHANGES

Table with columns for Foreign Exchanges, Market Rates, and Special Drawing Rights Rates. Includes exchange rates for various currencies.

EXCHANGE CROSS-RATES

Table with columns for Exchange Cross-Rates, April 19, and various currency pairs.

EURO-CURRENCY INTEREST RATES

Table with columns for Euro-Currency Interest Rates, April 19, and various interest rates.

FORWARD RATES

Table with columns for Forward Rates, April 19, and various forward rates.

TOKYO

Table with columns for Tokyo, April 19, and various stock prices.

AUSTRALIA

Table with columns for Australia, April 19, and various stock prices.

OSLO

Table with columns for Oslo, April 19, and various stock prices.

BRUSSELS/LUXEMBOURG

Table with columns for Brussels/Luxembourg, April 18, and various stock prices.

PARIS

Table with columns for Paris, April 19, and various stock prices.

SWITZERLAND

Table with columns for Switzerland, April 19, and various stock prices.

INDICES

Table with columns for Indices, April 19, and various index values.

NEW YORK - DOW JONES

Table with columns for New York - Dow Jones, April 19, and various stock prices.

BOARD AND POOLS

Table with columns for Board and Pools, April 19, and various stock prices.

OVERSEAS SHARE INFORMATION

Table with columns for Overseas Share Information, April 19, and various stock prices.

OTHER MARKETS

Table with columns for Other Markets, April 19, and various market data.

Canada again lower

With the exception of Pepsico, which firming 0.65 to 105.50, all other sectors gave way.

Germany - Most leading shares closed mixed

In Motors, VW rose DM1.30 to 155 in active trading, but other Motors lost to DM2.50.

Japan - Most leading shares closed mixed

In Motors, VW rose DM1.30 to 155 in active trading, but other Motors lost to DM2.50.

Switzerland - Markets turned irregular

With the exception of Pepsico, which firming 0.65 to 105.50, all other sectors gave way.

Spain - Markets turned irregular

With the exception of Pepsico, which firming 0.65 to 105.50, all other sectors gave way.

YEN



YEN

Yen exchange rate details and market commentary.

OVERSEAS SHARE INFORMATION

Table with columns for Overseas Share Information, April 19, and various stock prices.

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Table with columns for Overseas Share Information, April 19, and various stock prices.



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OFFSHORE AND OVERSEAS FUNDS

RES STOCK INDEX table with columns for stock names and values.

RES LOWS table with columns for stock names and values.

SHARE INDEX table with columns for stock names and values.

BASE LENDING RATES table with columns for bank names and interest rates.

Main table of Authorised Unit Trusts with columns for fund names, managers, and performance data.

Table of Offshore and Overseas Funds with columns for fund names and details.

Tyndall Share Exchange Plan advertisement with text and logo.

Main table of Offshore and Overseas Funds (continued) with columns for fund names and details.

Table of Insurance, Property, and Bonds with columns for product names and details.

Insurance, Property, and Bonds advertisement with text and logo.

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FT SHARE INFORMATION SERVICE

INDUSTRIALS - Continued

CANADIANS

Table of Canadian stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Alcan, Bell Canada, and Imperial Oil.

BRITISH FUNDS

Table of British funds with columns for Stock, Price, Div, Cr, Yld, and Bid. Includes funds like British Bond, British Equity, and British Income.

INTERNATIONAL BANK

Table of international bank shares with columns for Stock, Price, Div, Cr, Yld, and Bid. Includes Citicorp, Citicorp Intl, and Citicorp Sav.

COOPERATION LOANS

Table of cooperation loans with columns for Stock, Price, Div, Cr, Yld, and Bid. Includes various international development funds.

SEEDS, WINES AND SPIRITS

Table of seeds, wines, and spirits with columns for Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Allied Foods and J. & F. Martin.

LOANS (Miscel)

Table of miscellaneous loans with columns for Stock, Price, Div, Cr, Yld, and Bid. Includes various financial institutions.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails with columns for Stock, Price, Div, Cr, Yld, and Bid. Includes various international government and corporate bonds.

AMERICANS

Table of American stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like IBM, General Electric, and Ford.

BUILDING INDUSTRY - Continued

Table of building industry stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Bank of Montreal and Finance Trust.

RENTALS

Table of rental companies with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Rentokil and Rentokil.

RENTALS

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BUILDING INDUSTRY - Continued

Table of building industry stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Bank of Montreal and Finance Trust.

RENTALS

Table of rental companies with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Rentokil and Rentokil.

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DRAPERY AND STORES - Continued

Table of drapery and stores stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Debenhams and Debenhams.

ELECTRICAL AND RADIO

Table of electrical and radio stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like GEC and GEC.

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DRAPERY AND STORES - Continued

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ENGINEERING - Continued

Table of engineering stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like BHP and BHP.

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HOTELS AND CATERERS

Table of hotels and caterers stocks with columns for High, Low, Stock, Price, Div, Cr, Yld, and Bid. Includes companies like Whitbread and Whitbread.

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Conversion factor 8.7007 (0.6899)



INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft related companies such as Rover, Jaguar, and various aircraft manufacturers.

PROPERTY - Continued

Table of property-related stocks and companies, including various real estate and construction firms.

TRUSTS - Continued

Table of trust and investment funds, listing various financial products and their performance.

TRUSTS - Continued

Continuation of the trusts table, listing additional investment funds.

MINES - Continued

Table of mining stocks, including companies like Anglo American and De Beers.

Commercial Vehicle

Table of commercial vehicle stocks, including manufacturers like Leyland and Daimler.

Components

Table of component stocks, including various parts and accessories manufacturers.

Garages and Distributors

Table of garage and distributor stocks, including service and retail companies.

SHIPBUILDERS, REPAIRERS

Table of shipbuilding and repair companies, including various maritime firms.

SHIPPING

Table of shipping stocks, including major shipping lines and logistics companies.

SHOES AND LEATHER

Table of shoe and leather goods stocks, including manufacturers and retailers.

SOUTH AFRICANS

Table of South African stocks, including various local companies.

SHOES AND LEATHER

Continuation of the shoes and leather goods table.

SOUTH AFRICANS

Continuation of the South African stocks table.

TEXTILES

Table of textile stocks, including various fabric and apparel manufacturers.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks, including media and publishing companies.

OVERSEAS TRADERS

Table of overseas trading companies, including international trade firms.

RUBBERS AND SISALS

Table of rubber and sisal stocks, including commodity and agricultural firms.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks, including regional companies.

TEAS

Table of tea stocks, including commodity and agricultural firms.

SRI LANKA

Table of Sri Lankan stocks, including regional companies.

AFRICA

Table of African stocks, including regional companies.

NOTES

Notes section containing financial commentary, market analysis, and company announcements.

RECENT ISSUES AND RIGHTS

Recent issues and rights section listing new stock offerings and rights issues.

REGIONAL MARKETS

Regional markets section providing a snapshot of stock prices in various international markets.

INSURANCE

Table of insurance stocks, including various insurance companies.

PROPERTY

Continuation of the property stocks table.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, including investment and real estate firms.

FINANCE, LAND, ETC.

Continuation of the finance, land, and other stocks table.

FINANCE

Table of finance stocks, including banks and financial institutions.

DIAMOND AND PLATINUM

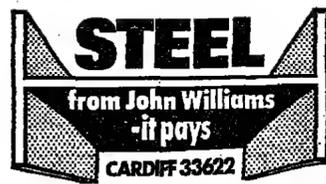
Table of diamond and platinum stocks, including commodity and mining firms.

OPTIONS

Options section listing call and put options for various stocks.

3-month Call rates

Table of 3-month call rates for various stocks.



U.S. about to resume exports of uranium

BY DAVID BELL

PRESIDENT CARTER is expected to include a promise that the U.S. will resume shipments of enriched uranium to Europe...

that he will announce a resumption of supplies to-morrow, although the size of the quantities involved is not known.

This would be more important than mutual recommitments about reflation. Indeed, he went on, "an imaginative and constructive approach to the North-South dialogue might be an alternative way of providing some extra stimulus for the world economy...

Public spending fall larger than expected

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

FURTHER EVIDENCE has been coming into Whitehall that public spending in the financial year just ended fell by more than was expected.

The shortfall is likely to turn out to be at least several hundred million pounds when the books on 1976-77 are finally closed later in the summer.

Government to probe Leyland future

BY OUR INDUSTRIAL STAFF

THE GOVERNMENT has set up a committee of senior civil servants to conduct an independent assessment of the prospects for the troubled Leyland Cars group.

he confronted by serious unemployment and social stress. At the same time the Treasury is vitally concerned with the impact which the alternative courses of action would have on Britain's balance of payments...

Journalists exclude Press from debate

By Alan Pike in Ilkley

DELEGATES to the National Union of Journalists' conference at Ilkley, West Yorkshire, yesterday decided to step up the longest dispute in the union's history.

Miller faces more Peachey claims

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

LORD MAIS, chairman of Peachey Property Corporation, said yesterday that Sir Eric Miller, the former chairman, "has been notified there are further sums due for what has been the longest year and there will be some further ones. We are not finished yet."

The last two years' accounts have stated that the company was considering whether to take legal action for Sir Eric's recovery.

Weather

U.K. TO-DAY: RAIN or drizzle, but becoming bright and sunny. London, East Anglia, S.E. Cent. S. England, Midlands, Channel Is. Rain in places early, becoming mainly dry with bright or sunny intervals.

Greengrocers' standards to be examined

A SCHEME designed to promote higher standards in Britain's 25,000 greengrocers' shops is to be extended to cover the 7,500 greengrocers in Greater London and four home counties, it was announced yesterday.

Callaghan hopes for new mortgage cut soon

Mr. Ian Wrigglesworth, Labour MP for Thornaby, who had predicted that while the mortgage rate had only been cut by 1 per cent, the Bank of England's Minimum Lending Rate had been reduced 12 times from its peak 15 per cent last October.

Continued from Page 1 Variation on Bullock

towards the sort of party representation the TUC wants, either on the Bullock Report's "2 x + Y" formula or on a straight 50-50 shareholder-employee split.

Before meeting

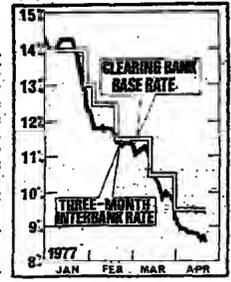
"I would have preferred to make a stronger statement, but we were advised not to. Now we will have to make another statement before the annual meeting. We will not go into a lot of detail, but we will have to give some details."

THE LEX COLUMN

Hawker's takeover ammunition

Index fell 1.0 to 408.1

Hawker Siddeley is going to feature in endless takeover rumours in the coming months. Its preliminary statement shows that the aerospace subsidiaries owe the group £53m...



around 16 per cent tariff increases had down in the early months of 1977 in order to fill carrying capacity...

European Ferries

European Ferries' profits for 1976 are £3m, higher at £9.3m, before tax and exceptional items. Felixstowe Dock has contributed just under £1m for an initial 10 months...

Base rates

Sir John Friday, managing director of National Westminster, said yesterday that the bank's share price has risen since the clear...

FACTS FROM LOB We have more facts than anyone else on moving office jobs. 1. Where to go... 2. How to go... 3. Who pays?... 4. What about the staff?...

BUSINESS CENTRES table with columns for City, Midday, and Yday.

HOLIDAY RESORTS table with columns for City, Midday, and Yday.

Mr. Ian Wrigglesworth, Labour MP for Thornaby, who had predicted that while the mortgage rate had only been cut by 1 per cent, the Bank of England's Minimum Lending Rate had been reduced 12 times from its peak 15 per cent last October.

Mr. Ian Wrigglesworth, Labour MP for Thornaby, who had predicted that while the mortgage rate had only been cut by 1 per cent, the Bank of England's Minimum Lending Rate had been reduced 12 times from its peak 15 per cent last October.

It seems likely the societies would have opted for a larger cut last week if they had had more time to decide. But they felt that they could no longer ignore outside pressure and went ahead with a cautious decision because of lingering uncertainty about the expected recovery in the inflow of funds.

Receipts are now flooding back in because of the societies edge over competitive interest rates. Societies are confident that investment rates can be reduced further without turning off the flow of receipts. Net inflow this month should exceed £300m, compared with £200m, in March, a return to the high levels of last year.

Vertical text on the right edge of the page, including 'Equity up 4.4%', 'Gold falls 5%', and 'Changes yesterday'.